



Daily Report

East Asia

FBIS-EAS-96-056
Thursday
21 March 1996

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ROK Minister Proposes 'Payment Guarantee Fund' for APEC

SK1703103096 Seoul YONHAP in English
0624 GMT 17 Mar 96

[FBIS Transcribed Text] Kyoto, March 17 (YONHAP) — Eighteen ministers, who are attending the third Asia-Pacific Economic Cooperation (APEC) finance ministers' meeting here, agreed Sunday to map out economic and financial steps to keep up the development of the world's most dynamic economic bloc.

The APEC finance ministers made the agreement at their second-day session, and exchanged opinions on ways to prevent such economic crises as Mexico's financial collapse in 1994 from happening in the region.

Meanwhile, South Korean Finance-Economy Minister Na Ung-pae proposed the installation of a payment guarantee fund in the APEC to introduce investment in infrastructure from the APEC economies' private financial organizations at the meeting.

Na, also vice prime minister, made the proposal in his address entitled "Ways To Finance Social Overhead Capital." "Since financial assistance only is not sufficient to finance large infrastructure projects, the issuance of bonds by private financial organs is required, and the bonds can be guaranteed by the fund," he insisted.

Apart from that, Na called for APEC member nations' active supports for the nation's entry into the Organization for Economic Cooperation and Development (OECD), saying that given the APEC's weight in the world economy, Asian nations' participation in the OECD should be more expanded. Currently, OECD members among the APEC countries are six — the United States, Japan, Canada, Australia, New Zealand and Mexico.

APEC Agree To Remove Tariff, Nontariff Barriers on SME's

BK2003052896 Manila PNA in English
0013 GMT 20 Mar 96

[Received via Internet]

[FBIS Transcribed Text] Manila, March 14 (PNA) — Some 77 delegates from 16 Asia Pacific Economic Cooperation (APEC) economies have agreed on the removal of tariff and non-tariff barriers of regional economic blocs which they consider as major obstacles for small and medium enterprises (SMEs) in export.

At the on-going organizational workshop on APEC Center for Technology Exchange and Training for Small and Medium Enterprises (ACTETSME) being held at the New World Hotel in Makati City, member-

economies directly pointed out that the removal of these barriers are welcomed by SMEs since it will enhance the competitiveness of the rising business opportunities in the Asia-Pacific region's economy.

It was learned that both Hong Kong and Singapore hope that APEC could promote its member-economies to adopt free trade policies.

Brunei, on the other hand, expects that the relaxation of trade barriers should take into consideration the different levels of SME development among various APEC economies.

However, Canada pointed out that the non-tariff barriers are more important than tariff barriers.

The Canadian delegates said Canadian SMEs will welcome the removal of non-tariff barriers such as standards for ingredients in food products, inspection practices, labelling and coding, as well as getting work permits and withholding taxes, etc.

Regional Defense Chiefs Meet in Bangkok

LD2003145896 Melbourne Radio Australia
in English 1400 GMT 20 Mar 96

[FBIS Transcribed Text] Asia's defense chiefs have urged to take tangible steps towards setting up multilateral defense ties to avoid clashes over rising nationalism and resource competition. Defense chiefs and analysts from 17 Asia-Pacific nations are meeting in Bangkok to look at ways to diffuse future tensions and protect the region's new-found wealth.

Evan Williams reports host country Thailand has warned defense commanders have to be involved in practical peacekeeping steps or suspicion will remain.

[Williams] Opening the conference, Thailand's defense minister, Chawalit Yongchaiyug, stressed new structures are needed to help defuse growing tensions over resources, race, and ill-defined borders. Asia is using its new-found wealth to redefine and rearm defense forces, increasing chances of a major clash. He says commanders must be brought in to make practical steps towards multilateral structures now; otherwise, suspicion will make a lasting peace elusive.

A peacekeeping center is one idea, but defense chiefs involved in the talks say the meeting itself can boost confidence and transparency. But, reflecting Asia's current reality, China refuses to discuss Taiwan and Thailand is pushing ahead with plans to buy a military satellite.

Thailand Urges Asia-Pacific Armies To Help Prevent Wars

*BK2103045896 Bangkok BANGKOK POST
in English 21 Mar 96 p 1*

[Unattributed Report]

[FBIS Transcribed Text] Armies in Asia and the Pacific should work together to prevent wars and to create peace in the region, Defence Minister Chawalit Yongchaiyut urged yesterday.

"In an atmosphere of discordance, uncertainty and impending controversy, we as fellows and friends have to overcome these approaching problems, otherwise our next generation may find themselves clearing up the remains of war," he said.

Gen Chawalit was speaking at a seminar on The Asia-Pacific Security Dialogue: A Step Forward, which opened yesterday in Nakhon Pathom.

Representatives, mostly officials, from 42 countries were attending the three-day forum.

Gen Chawalit said he wanted to see the armed forces become a principal force in the constructive tasks of peace making and social development.

He said the thinking of peace and development must be extended to cover the regional and global arenas.

"The end of the Cold War has brought about the need for countries in the region to review their national strategies," he said.

Although the danger of confrontation has decreased, he warned disputes over resources, border and territorial

claims, and over race, religion and environmental issues have increased.

Despite economic progress in the region, Gen Chawalit said it was necessary for countries to find ways of preventing and solving new problems and disputes.

"Economic prosperity and security awareness are two sides of the same coin," he said.

"It is natural economic progress will lead to efforts to modernise the armed forces."

But he suggested measures must be sought to ensure the development of military power is carried out with greater transparency.

The armed forces, said Gen Chawalit, are instrumental in the creation of peace. He urged military personnel to become actively involved in all stages of the peace process.

"Security matters at the global, regional and national levels are all important and closely inter-linked. It is necessary, in this era of globalisation, that all countries are involved at all levels," said Gen Chawalit.

At the global level, he said the role of peace keeping is now being played by the United Nations.

At the regional level, he said, confidence-building efforts are being undertaken although they face difficulties.

He said lack of understanding and commitment were the major obstacles and resulted in scepticism.

Japan

Japan: DFAB Considering Requesting 'Emergency Use' of Land

*OW2003140896 Naha RYUKYU SHIMPO
in Japanese 20 Mar 96 Morning Edition p 1*

[FBIS Translated Text] With the approaching expiration at the end of March of a lease on the land for the Sobe Communication Site, the Defense Facilities Administration Agency is now considering the emergency use of it. However, even if a ruling on the proxy signing suit involving U.S. military bases is given in favor of the state on 25 March, "illegal occupation" of the land by the state will very likely be prolonged. The Naha regional Defense Facilities Administration Bureau [DFAB] is believed to be planning to submit a request on 29 March to the Prefectural Expropriation Committee [PEC] (comprising Chairman Kenyu Nishi and six other members) for its approval for "emergency use." A PEC source said the committee would discuss the request at a regular 12 April meeting, and would adopt a basic policy of "handling the case in the same way as other cases so as to conduct substantial deliberations" in the following examinations.

The PEC has so far held three meetings to study interpretations of the law and preceding cases in an attempt to deal with the emergency use of land for the Sobe Communications Site. Its members hold various opinions on the issue.

For example: "Considering the possibility the prefectural government will win the suit, we cannot decide how to deal with the application before the Naha DFAB actually submits it," or "Is it impossible to turn down the application?"

As for the question of how to handle the Naha DFAB's actual application, members have begun to form a consensus that "it would be insufficient to hold only one or two examinations for the sake of formality," (as stated by a PEC source). Regarding the Naha DFAB's request, a source is connected with the PEC said: "We have not yet decided whether or not to accept it. Even if we accept it, substantial trials should be conducted as to whether the application fulfills the requisites for emergency use."

If the schedule of all members permits, an extraordinary PEC session could convene before 11 March. Essentially, however, the question of whether or not to accept the request is likely to be discussed at the regular 12 March session. If the PEC decides to continue discussion of the matter at its regular sessions, "illegal occupation" by the state could last more than one month.

Japan: Civic Groups Urge Closure of U.S. Bases in Okinawa

*OW2003170596 Tokyo KYODO in English
0906 GMT 20 Mar 96*

[FBIS Transcribed Text] Tokyo, March 20 KYODO — Thousands of Japanese citizens urged the United States in separate rallies Wednesday [20 March] to close military bases in Okinawa Prefecture, southwestern Japan.

The rallies were attended by some 300 people in Tokyo and an estimated 3,000 in Osaka, organizers said.

In Tokyo, people belonging to various civic groups staged a demonstration March to the U.S. Embassy after a rally and handed over a statement containing the appeal, addressed to Ambassador Walter Mondale.

"It is only natural that people outside Okinawa should reject the proposed transfer to their neighborhood of a U.S. firing practice range in Okinawa," said Teruko Kuwae, head of an Okinawa women's group opposing the U.S. military presence.

"There is no choice but to reduce and eliminate the bases rather than transferring them elsewhere," she said.

The rally was one of continuing civic gatherings to affirm solidarity between people in Okinawa Prefecture and mainland Japan fighting for a reduction in the heavy U.S. military presence in the southernmost island prefecture.

Antibase sentiment has mounted since the abduction and rape of an Okinawa schoolgirl last year, of which three U.S. servicemen were found guilty by a district court March 7.

In Osaka, an American woman living in Okinawa Prefecture told a gathering sponsored by Osaka residents hailing from Okinawa that the one voice of "no" from the girl and that of Okinawa Gov. Masahide Ota have rattled the entire nation.

Carolyn Francis, who is a member of Kuwae's group, urged the participants to raise their voices against whatever they oppose.

Japan: MOFA Spokesman on Ikeda Visit to Moscow

OW2103131796 (Internet) Japanese Ministry of Foreign Affairs [MOFA] WWW in English 19 Mar 96

[News conference held by Japanese Foreign Ministry Press Secretary Hiroshi Hashimoto with unidentified

reporters on 19 March; place not given; from the "What's New" link]

[FBIS Transcribed Text] [Topics of Discussion] I. Visit to the Russian Federation by Minister for Foreign Affairs Yukihiro Ikeda II. The Significance of the visit to the Russian Federation by Minister for Foreign Affairs Yukihiro Ikeda III. Trade and economic issues involving the extension of assistance to the Russian Federation by Japan IV. Possibility of discussion between Japan and the Russian Federation on matters of security V. Matters involving plans for promoting trade development between Japan and the Russian Federation VI. Matters regarding the schedule for the visit to the Russian Federation by Minister for Foreign Affairs Ikeda VII. Subjects of possible discussion between Japan and the Russian Federation involving the Tokyo Declaration and matter of the Northern Territories VIII. Subjects of possible discussion between Minister for Foreign Affairs Yukihiro Ikeda and President Boris Yeltsin of the Russian Federation

I. Visit to the Russian Federation by Minister for Foreign Affairs Yukihiro Ikeda

Foreign Ministry Spokesman Hiroshi Hashimoto: Good afternoon, ladies and gentlemen. Minister for Foreign Affairs Yukihiro Ikeda will leave for the Russian Federation tonight and hold talks with Minister of Foreign Affairs Evgenii Maksimovich Primakov and First Deputy Prime Minister Oleg Soskovets of the Russian Federation tomorrow on 20 March. Foreign Minister Ikeda will pay a courtesy call on President Boris Yeltsin of the Russian Federation on the same day. The political situation in Russia becomes increasingly opaque in the build-up to the presidential elections in June. Japan, together with other G-7 countries will urge Russia to continue its policies of reform. Foreign Minister Ikeda will visit the Russian Federation against this background.

II. The Significance of the visit to the Russian Federation by Minister for Foreign Affairs Yukihiro Ikeda

Foreign Ministry Spokesman Hiroshi Hashimoto: Russia is an important neighbor of Japan. This visit by Foreign Minister Ikeda is a good opportunity for fostering closer contacts and dialogue. Dialogue during this visit will span a broad spectrum of fields. This will be the first time the Japan-Russian Federation Regular Foreign Ministerial Meeting and the Japan-Russian Federation Inter-Governmental Committee on Trade and Economy are held together.

The former consultation consists of dialogue on the territorial issue, negotiations on a framework for the opera-

tion of Japanese fishing vessels in the waters around the Northern Territories, security dialogue, etc. The latter consultation consists of dialogue on solving the private sector debt issue, and creating taxation and legislative systems, confirming and providing assistance for continuation of the policies of reform, and strengthening economic relations with the Far Eastern region.

Through these two consultations, this visit will serve to expand the foundation for overall Japan-Russian Federation relations, spanning both the political and economic sectors, based on the principle of balanced expansion. Expanding the foundation of overall Japan-Russian Federation relations will lay the groundwork for a Japan-Russian Federation Summit Meeting at the time of the Moscow Nuclear Energy Summit to be held in April this year.

This visit by Foreign Minister Ikeda to the Russian Federation will provide an opportunity for the highest level dialogue between Japan and Russia since the Japan-Russian Federation Foreign Ministerial Meeting at the ASEAN Regional Forum held in Brunei in August 1995. This visit will also provide an opportunity for Foreign Minister Ikeda to meet, for the first time, Foreign Minister Primakov and First Deputy Prime Minister Soskovets. If I were asked about the priority of the agenda for the talks this time, I would reply that there are three pillars: First, reconfirmation of the 1993 Tokyo Declaration; second, the stepping up of dialogue on security; and third, strengthening of ties with the Far Eastern region of the Russian Federation.

III. Trade and economic issues involving the extension of assistance to the Russian Federation by Japan

Q: Will there be anything more specific to announce on economic cooperation? I was reading in one of the Japanese papers about the possibility of a U.S.\$500 million Ex-Im Bank [Export-Import Bank of Japan] loan?

A: In the past, the Japanese Government committed to extend assistance to the Russian Federation equalling U.S. \$4.48 billion, out of which Ex-Im loans are U.S. \$1.2 billion. Trade insurance is U.S. \$2.9 billion, humanitarian and technical assistance is U.S. \$0.38 billion — altogether, U.S. \$4.48 billion. On the Ex-Im bank loans, both Japan and the Russian Government have already agreed to spend U.S. \$0.7 billion. The remainder is U.S. \$0.5 billion. This time, Foreign Minister Ikeda, and most probably First Deputy Prime Minister Soskovets, will talk on this matter, especially about where and on which projects the two governments will spend this amount of money. The Japanese Government, in principle, favors spending a large portion of this

money for the projects in the Far East, while the Russian Government, presumably, wants to use the money for the other parts of the Russian Federation, too. We sincerely hope that Foreign Minister Ikeda and First Deputy Prime Minister Soskovets can agree on how to use this assistance. As for trade insurance, out of U.S. \$2.9 billion commitment, both governments have already agreed to spend U.S. \$1.8 billion; however, how to spend the remaining U.S. \$1.1 billion has yet to be decided on between the two governments. As for the humanitarian and technical assistance, the two governments have already, more or less, used up this assistance. If you talk about the strengthening of the economic and trade relationship between the two governments, I am sure that Foreign Minister Ikeda and First Deputy Prime Minister Soskovets will touch on the so-called Hashimoto Plan, which is related to Japan's technical assistance in the field of promotion of Russian exports, promotion of industrial policy, and promotion of restructuring efforts in the Russian Federation. In order to develop trade and economic relations, we have to solve the debt issue. The arrears on the side of the Russian Federation is equal to U.S. \$1.1 billion. I am sure that both First Deputy Prime Minister Soskovets and Foreign Minister Ikeda will touch on the subject. We hope that we can deepen our understanding on this issue. And, if we talk about the mechanism of the consultations on economic and trade matters, this is the first time for the bilateral Inter-Governmental Committee on Trade and Economy to be held on the ministerial level. We hope that the talks between Foreign Minister Ikeda and First Deputy Prime Minister Soskovets will yield fruitful results. That is about all — on the trade and economic side.

Q: How tight is the link between Russian repayment of arrears and further disbursements of existing commitments of Japan?

A: As far as the Ex-Im Bank loans of U.S. \$0.5 billion, the issue is how the governments agree on where this money is going to be used. So, the question is how to distribute money between the Far Eastern region and the non-Far Eastern region of the Russian Federation. If we can agree, the Japanese Government will say that this money (U.S. \$0.5 billion) can be used for the development of industry in the Russian Federation. In the past, we asked the Russian Federation to use this money only for an humanitarian purpose. Redistribution of this money into the industrial sector is an issue. After the two governments agree on this, the private sectors can independently approach the Ex-Im Bank of Japan and can begin negotiations with the Ex-Im Bank on how to use this money. As far as arrears are concerned, in order to promote direct investment in

the Russian Federation in the future, it is absolutely necessary to solve this issue. In addition to this, of course we have been and are going to continue to urge Russia, to improve its investment climate and provide a better legislative infrastructure, so that Japanese direct investment can be more smoothly made. As far as the private sector investments are concerned, it is absolutely necessary to solve the arrears issue. But, as for the Ex-Im Bank loan, for the time being, the most important thing is that the two governments agree on where and how to distribute the money.

Q: But, there will be no new financial commitments apart from what you mentioned previously?

A: This time, probably no.

IV. Possibility of discussion between Japan and the Russian Federation on matters of security

Q: What are the specific security issues to be discussed?

A: Up until now, the dialogue on the security matter has been discussed in various ways. One is the policy planning dialogue between the two governments. The other is the exchange of experts on defense matters. There is a so-called tripartite forum, which consists of Japan, the United States of America, and the Russian Federation. Both government officials and academics are participating in this. We highly appreciate these dialogues. But, we would like to strengthen the dialogue, and we hope that this time, Foreign Ministers Ikeda and Primakov will exchange views. We hope that they can find some sort of concrete ideas to strengthen the dialogue.

Q: Do you have any concrete proposals for these ideas to strengthen the dialogue? What is the Japanese proposal?

A: I think I will leave this matter to Foreign Minister Ikeda, because he will directly communicate with Foreign Minister Primakov. We hope that something concrete will come up on this issue in the meeting between Foreign Ministers Ikeda and Primakov.

Q: Could you explain for us what the connection is for the visit of de facto Defense Minister Usui in May to Russia?

A: What I can say is that Foreign Minister Ikeda is not directly involved in the dialogue on security. However, as the Foreign Minister, he would like to arrange with Foreign Minister Primakov on how to strengthen this dialogue mechanism.

Q: So, the China-Taiwan problem will be the topic of the talks?

A: They will exchange views, not only on the bilateral relationship, but also on the international situations

which both gentlemen are interested in. So, there is a possibility that they will exchange views on the situation of the Far East.

Q: You said that one of these security dialogue topics in the Far East could be raised?

A: I had better say that Foreign Minister Ikeda himself is not involved in dialogue on security. Mainly, he may talk about the framework — how to strengthen security dialogue. But, at the same time, as a foreign minister, he may exchange views on the situation in the Far East or the Asia-Pacific region. They may exchange views on the Korean Peninsula situation or on the Taiwan Strait. But, it is completely up to the two gentlemen — Foreign Ministers Primakov and Ikeda.

V. Matters involving plans for promoting trade development between Japan and the Russian Federation

Q: I would like to come back to the economic topics. You mentioned this Hashimoto Plan. When was this published? I don't remember it.

A: When Foreign Minister Soskovets visited Japan in November 1994 — at that time, Prime Minister Ryutaro Hashimoto was the Minister for International Trade and Industry — the two gentlemen met, and former International Trade and Industry Minister Hashimoto showed that the Japanese side was ready to cooperate with the Russian Federation on how to promote trade and exports with Russia. That is called the Hashimoto Plan.

Q: You have stressed the fact that Japan has interests in Northeast Asia regional development. What are the concrete projects? What's this NHK report about there being no commercial ports? What are the projects Japan thinks by any means are of most priority?

A: As far as the concrete project which the U.S. \$0.5 billion may be applied to, we still have to wait to see what projects will be shown to the Ex-Im Bank of Japan. However, if we talk about the Zarubino project, I can say that the Japanese Government is now studying the possibility of extending appropriate assistance, together with the private sector, on the feasibility study on the repair project of the Zarubino port.

Q: Repair?

A: Repair. Reconstruction, if I may say so.

Q: Not extension?

A: Extension, if I may say so. Port Zarubino itself is over there, so you can call it expansion of the facilities, but in any case, they have to repair or reconstruct or rehabilitate the port facilities and expand the capacity

of the port. I think Foreign Minister Ikeda will express the position of the Japanese Government on this to First Deputy Prime Minister Soskovets. However, I would just like to remind you that this will not pre-judge a possible participation of the Japanese Government in the rehabilitations or reconstructions or expansions of the port of Zarubino itself in the future. Those two issues are separate.

Q: What is the economic meaning of this port?

A: It is situated in the area where the Chinese and North Korean borders are close. The United Nations Development Programme (UNDP) has, for a long time, been conducting a basic development program over there, because the UNDP considers that area as having potential for future economic development. The port of Zarubino can play an important role for the future development of that area. In Japanese we call it tomanko, but I do not know how to express it in Russian.

Q: So, am I correct to say that the basic meaning of this port is to facilitate trade with the northern part of China, and not so much with some industrial or economic areas in Russia?

A: As far as this particular feasibility study is concerned, it involves the reconstruction or expansion of the port itself. If the facilities are improved over there, Russia can export its products to China through the existing railway service. Japan will also benefit from this. We can import agricultural products from the northern part of China using these facilities.

Q: What kind of products?

A: Beans, etc. And, the Russian Federation can provide those good facilities to other countries. But, we understand that there are several other big projects in the Far East.

Q: For example?

A: I do not know the details. I was told there are four big projects which are handled by the Keidanren.

VI. Matters regarding the schedule for the visit to the Russian Federation by Minister for Foreign Affairs Ikeda

Q: Will Foreign Minister Ikeda also meet the other candidates for the Presidential election?

A: No, I do not think so. This visit will be a very short one. Foreign Minister Ikeda will leave Tokyo this evening, and will arrive in Moscow at night. However, on the evening of 20 March, he will leave Moscow to go back to Tokyo. Basically, he will meet President Yeltsin, Foreign Minister Primakov, and First Deputy Prime Minister Soskovets.

VII. Subjects of possible discussion between Japan and the Russian Federation involving the Tokyo Declaration and matter of the Northern Territories

Q: You didn't mention the Tokyo Declaration and the Northern Territories?

A: Yes, I made mention of it. You did not ask about the importance of it. Of course, we give first priority to the reconfirmation of the 1993 Tokyo Declaration. It is very important for the two governments, at the level of foreign minister, to reconfirm this, because all the important elements are included in the Declaration.

Q: What is your information on the present position of Russia? Do you think it will be difficult to have this confirmation? Do you think there is some progress?

A: Personally, I shall be completely surprised if the Russian Federation declines to reaffirm the Declaration. However, Japan has a new government now, and the political situation in the Russian Federation is rather fluid. Russia has a new Foreign Minister. Therefore, it is very important for the two governments to reconfirm this politically important declaration.

Q: Just two questions on the Tokyo Declaration. Have there been any fresh financial commitments since the Declaration was signed, and also, has there been any concrete progress at all on the island issue since the signing of the Declaration?

A: Unfortunately, there has not been progress on the island issue. Basically, it is a bit difficult for us to see progress on the island issue. But, both governments have to tackle the issue. Therefore, although we cannot make much progress now, it is very important for us to reconfirm the Tokyo Declaration, so that in the future, probably after the presidential elections in the Russian Federation, we will continue this dialogue.

Q: And, on the question of the money?

A: Apart from what I have said, there has not been big movement. First of all, we have to use the pipeline. At the same time, we have to once again tell the Russian Federation that we need to see the Russian Federation continue its policies of reform. And, we would like to expand the political relationship, together with the economic relationship.

VIII. Subjects of possible discussion between Minister for Foreign Affairs Yukihiko Ikeda and President Boris Yeltsin of the Russian Federation

Q: Can you tell us about the special message by Prime Minister Hashimoto to President Yeltsin?

A: Foreign Minister Ikeda said yesterday that he will deliver a message from Prime Minister Hashimoto, but

does not want to disclose it to the public now. I think he would like to directly pass the message to President Yeltsin. Thank you very much.

Japan: Currency Accord of APEC Finance Ministers Viewed

OW2003123296 Tokyo Nihon Keizai Shimbun in Japanese 19 Mar 96 Morning Edition p 2

[Editorial: "APEC Moves Toward Cooperation To Avoid Currency Crisis"]

[FBIS Translated Text] Finance ministers of the Asia-Pacific Economic Cooperation (APEC) forum countries have agreed to cooperate to help stabilize currencies in the Asia-Pacific region. The Mexican peso crisis in late 1994 evoked the possibility of currency turmoil in the emerging markets sparking uncertainty in the international monetary markets. Countries in the region, which contains many such emerging markets, have therefore been committed to the establishment of cooperative ties to avoid possible currency crises. We would like to praise APEC for taking this step forward toward cooperation in the region, including the mutual supply of liquidity, among other moves.

The Mexican peso crisis indicated that currency crises, which were previously believed to be a problem only among industrialized countries, could erupt in various parts of the world. In particular, concerns have been voiced that amid the progressive globalization of markets and disclosure of economic data, currency crises could spread like a chain reaction through the rapidly growing emerging markets.

The joint statement adopted at the APEC Finance Ministers' Meeting said that it "welcomes the continuing initiatives for the enhancement of cooperation among monetary authorities in the APEC region." The statement apparently makes reference to an agreement recently signed by Hong Kong, Australia, and other countries to protect their currencies, and an agreement concluded by the monetary authorities of Japan, Hong Kong, and Singapore under which they are committed to intervention in currency markets. There is also a plan to set up an Asian version of the Bank for International Settlements (BIS). Such cooperative ties should prove effective, in their own ways, in preventing currency crises from arising in APEC countries.

However, excessive reliance on cooperation to avoid currency crises should be frowned upon. Cooperative arrangements among industrialized nations have not necessarily been completely effective in stabilizing currencies. On the contrary, finance ministers and central bankers of the seven industrialized nations (G-7)

have tended to be divided at their meetings in regard to such efforts. Moreover, the European Monetary System (EMS) concept, a preparatory stage toward the unification of European currencies, has virtually collapsed. At their latest meeting, the finance ministers of the APEC member countries also failed to reach agreement on working out a concrete framework for stabilizing currencies.

In the APEC region where economies are in various stages of development, it is a fact there will be limitations as to how far they can cooperate. To go too far in pursuing policy cooperation for the purpose of stabilizing currencies could hamper economic development. Trying to set up a lasting cooperative arrangement could place heavy burdens on Japan, the United States, and other industrialized nations, if they seek to maintain it.

It is important that various countries make efforts to improve their monetary markets and ease regulations before working out a concrete framework for cooperation to stabilize currencies and avoid currency crises. That is a task facing the Japanese monetary authorities. That is also the way to steadily promote the yen's role as an international currency in the Asia-Pacific region, which is virtually an economic zone that revolves around the dollar.

Japan: MOFA Criticized for 'Weak-Kneed' Stance on PRC-Taiwan Tension

*OW2103052496 Tokyo SANKEI SHIMBUN
in Japanese 18 Mar 96 Morning Edition p 2*

[Article by political desk chief Akihiko Ota: "The Ministry of Foreign Affairs' Handling of the China-Taiwan Tension Is Questioned — A 'Wrong Signal' to China"]

[FBIS Translated Text] The atmosphere between China and Taiwan has become extremely tense since the former forced through military exercises in waters near the latter. It is apparent that China is posing a threat of force, regarding the coming first-ever democratic election for the Taiwan president as a move toward independence. The United States has sent a clear signal to warn China. However, the Japanese Government has showed consideration only for relations with China, as usual. The Ministry of Foreign Affairs' (MOFA) stance of merely asking for China's self-restraint by word of mouth remains highly questionable.

On China's current missile and live-fire exercises, the Defense Agency (DA) clearly analyzed: "From the military viewpoint, these exercises simulated antiaircraft and antisubmarine warfare to secure the air and sea command. After destroying an aircraft base with surface-to-

surface missiles, the simulation entered the next stage of live-fire drills."

Regarding active U.S. moves such as dispatching the aircraft carrier Nimitz to waters near Taiwan, a DA source said that "such moves have not been taken before, even against North Korea (the DPRK)." The source stated that the U.S. reaction was beyond the DA's expectation and showed a clear sense of crisis about China's possible attack on Taiwan.

MOFA has consistently taken a weak-kneed approach. A senior MOFA official said: "As the exercises are conducted on the high seas, there is no problem of international law. China's conduct means to threaten the 23 March presidential election in Taiwan. There is no sign that it will develop into military conflict."

In fact, Ryozi Kato, director general of MOFA's Asian Affairs Bureau, summoned to the ministry (counselor) Zeng Xianglin, charge d'affaires at the Chinese Embassy in Japan, on 8 and 11 March to ask China to exercise self-restraint. He simply indicated Japan's concern and pointed out: "Since the Chinese military exercises have affected ships' navigation, we are worried about unforeseen accidents."

Taku Yamasaki, chairman of the coalition-leading Liberal Democratic Party's (LDP) Policy Research Council, has instructed the party's Research Commission on Security to "start in-depth study on measures to cope with a possible situation seriously affecting Japan's security, including introduction of emergency legislation."

At the recent "joint meeting of committees on diplomatic affairs" (chaired by Taro Nakayama, head of the LDP Research Commission on Foreign Affairs) held at the party headquarters, some attendees called for suspension of economic aid to China. They said: "Japan should freeze grants-in-aid and yen-based loans to China, which are incorporated in the FY1996 budget bill."

Hardline opinions were also voiced. Some asserted: "Although the exercises are conducted on the high seas, this must be a matter for the UN Security Council (UNSC). Even if China, a permanent UNSC member, exercises its veto, resolute action should be taken." Others maintained: "The government should make efforts to hold dialogue with China on this issue through higher-ranking diplomatic channels."

Given the situation, MOFA unwillingly discussed reviewing yen-based loans to China. The first round of yen-based loans was provided to China in FY1979 and the third round in FY1995. The total of the first three loans reached approximately 1.6 trillion yen. These loans "are repaid in 30 years" at 2.3- percent annual

interest "after a ten-year grace period." China is currently repaying principle and interest of the first round of yen-based loans, totalling approximately 330.9 billion yen.

MOFA has begun studying the possibility of taking the following steps according to the Chinese military's moves. The first step is to postpone sector-to-sector consultations on the fourth round of yen-based loans beginning from FY1998; and the second is to suspend part of yen-based loans for environmental and other projects that have little influence on Japan-China relations.

However, MOFA has not decided on the complete suspension of yen-based loans to China strongly demanded by some of the ruling parties. A MOFA source said: "Complete suspension of yen-based loans, which might be taken as a signal of changing Japanese policy toward China, will seriously affect future relations between the two countries. This also runs counter to the Japanese Government's position that economic cooperation will support China's reform and opening-up policy."

When China conducted underground nuclear testing last summer, the government suspended grants-in-aid to China and announced the decision in a showy way. However, the amount of its grants-in-aid to China is (approximately 95.7 billion yen), accounting for only one-sixteenth of yen-based loans.

Explaining the present case, the MOFA source stated that the government "has concluded that it needs to convey grave interest in and concern over relations with China without seriously affecting Japan-China relations."

In other words, MOFA "has found this happy idea that will have no impact" on China. Thus, the MOFA has taken a pussyfoot measure in dealing with China's military exercises. Is MOFA aware that by doing this it is actually sending a "wrong signal" to China that "Japan will not act to the disadvantage of China whatever happens?"

Japan: Analyst Says PRC Invasion of Taiwan 'Impossible'

OW2003144096 Tokyo AERA in Japanese 25 Mar 96 pp 6-9

[Article by AERA staff writer Shunji Taoka: "PRC's Invasion of Taiwan Will Be Impossible"]

[FBIS Translated Text] President Li Teng-hui of Taiwan boasts of progress made in the country's democratization during his term of office since 1988, saying: "The forthcoming election to choose a national leader by direct public vote will be the first such election to be conducted in China."

Meanwhile, since last year, the PRC has been trying to meddle in this election in Taiwan with threats of sending ballistic missiles flying into it — something unheard of in world history. While Taiwan is set to hold its first presidential election on 23 March, the PRC has set two sea areas of about 40 km in width and length — one about 36 km east of Keelung, a port city in the northern end of Taiwan, and the other about 51 km west of Gaoxiong, a port and industrial city (with a population of 1.4 million) in south Taiwan — as target areas, and has lobbed "M-9" ballistic missiles (with the estimated maximum range of 600 km) across the Taiwan Strait into these areas from a position near Yonan (about 180 km north-north-west of Xiamen) in Fujian Province.

Taipei with the population of 2.7 million is about 60 km away from the target area in the Bay of Keelung. To apply this distance to areas in Tokyo, it is like having missiles fired into the bay of Kamakura.

Two rounds were lobbed into the Bay of Gaoxiong before the dawn of 8 March and one into the Bay of Keelung on 13 March. As the army unit involved in the firing "exercise" was the 2d Artillery Unit (missile unit) stationed at Loping in Jiangxi Province, some reports said the missiles were "launched from Loping," but Loping is about 750 km from the Bay of Gaoxiong, and is thus out of the missiles' effective firing range. It is more likely that they were launched from somewhere near Yonan.

The PRC in addition has designated an area extending from the Bay of Xiamen to the Bay of Swatu as a live ammunition firing range for the Navy and the Air Force, and is conducting an exercise that includes launching of air-to-ship and ship-to-ship missiles during the period from 12 to 20 March.

People Are Very Calm

The Taiwan Defense Ministry has reported, "Assembled on the coast across the strait are 150,000 troops and 250 aircraft (of the PRC armed forces)," but, in fact, most of them have been there since before this maneuver. The newly added forces appear to be no more than one mechanized division and one airborne brigade that came from Zhejiang Province, the neighboring province to the north, plus about 100 F-7's (MiG-21) fighters.

The U.S. Government has criticized the PRC's exercise as "irresponsible and provocative," and has ordered the carrier Independence and the destroyer O'Brien, which were on way back to Yokosuka from the Philippines, to stop southeast of Okinawa. The cruiser Bunkerhill is assigned to cruise south of Taiwan to collect information, and the destroyer Hewitt and the frigate McClusky

have been sent in there from Yokosuka. Furthermore, an eight-ship carrier flotilla led by the carrier Nimitz is being moved to the Bay of Okinawa.

But the general public in Taiwan is very calm. Department stores and restaurants in the city of Taipei are filled with customers, and hotels are kept nearly fully occupied. On the Naha-Keelung air flight route which goes over the sea target area in the Bay of Keelung, the planes now have to fly away from it, thus having to fly about five minutes longer, but other than that, there are said to be no major problems in the air traffic between Japan and Taiwan.

On 6 March, the day after the PRC announced a plan to conduct a missile launching exercise, there were runs on the bank by the people who wanted to get their Taiwan Yuan (New Taiwan dollar) converted to the U.S. dollar. Without enough dollar cash on hand to meet the run, some banks had to limit the amount of conversion to \$2,000 or \$3,000 per head. But actually the people who want to flee the country need not exchange their Taiwan money into the U.S. dollar. They can transfer their deposits to foreign banks or have their deposits changed into bank checks to get their money out of the country. It looks that the run on the bank happened mostly because the people who were scheduled to leave on overseas trips over the end-of-March holiday period rushed to their banks to get their money exchanged as there were rumors that "the Taiwanese Government is thinking about stopping the exchange of foreign currency in an emergency measure." Anyway the run-on-the-bank chaos stopped in two to three days.

In some parts of the island, people hoarded food supplies. Seventeen supermarkets under the Taipei City Agricultural Product Corporation, which normally sold around 7.5 million Yuan (about 20 million yen) of goods a day per store, sold 9.77 million Yuan (about 40 million yen) on 8 March, the day the exercise started. Rice and instant noodles particularly sold well, but the condition never got to the point of the inventories of the goods having been sold out completely.

Taiwan's Navy and Air Force Are Superior

The PRC's missile-launching exercise is not having much impact on the living and economic conditions of the people in Taiwan because previous PRC exercises have worked as a kind of "protective inoculation" and have created a state of psychological immunity in Taiwan.

After all, the possibility remains that a missile carrying observation instruments (telemeter), rather than a warhead, could veer off course and fall on the island. There is also the possibility that brushes could occur between

PRC vessels and aircraft participating in the exercises and the Taiwanese vessels and aircraft monitoring them.

However, although China appears to have huge military might in terms of personnel, numerically speaking, it lacks the financial resources to renew and replace antiquated equipment and arms. On the other hand, Taiwan has made conspicuous progress in its efforts to modernize its Navy and Air Force. The people in Taiwan may be reacting calmly because they recognize that it would be nearly impossible for the PRC to initiate a full-fledged exercise of force, such as, launching an invasion on Taiwan.

The PRC Air Force is said to possess about 4,000 fighter aircraft, 3,000 of which are the MiG 19's that the Soviet Union first flew in 1953 or the PRC-built F-6's. The Air Force is also thought to have about 400 F-5's (MiG 17's), 500 F-7's (MiG 21's, first flown in 1956), and 100 F-8's, which were domestically developed but cannot be considered successful planes. In addition, it has 26 Sukhoi-27's, which were imported from Russia.

The F-7's can be more or less matched against the 270 F-5E's that the Taiwanese Air Force uses as its main fighter force, but Taiwan's F-5E's are considered to be superior in the capabilities of its radar equipment, air-to-air missiles, and in the level of their pilots' training.

The Taiwanese Air Force possesses 55 supersonic Ching-kuo fighters developed locally by its Aircraft Industry Development Center (AIDC) with technological assistance from the U.S. firm General Dynamics (later merged with Lockheed).

The AIDC has its headquarters and a plant to produce main components, parts, and electro-mechanical instruments on the south side of Taichung Airport, an assembly plant on the nearby Chinchuangang Air Base, and an engine plant at Kangshan in Gaoxiong City. A total of 5,800 workers are employed in the nonstop production of the fighters. The planes' fuselages are 100 percent Taiwan-made, though 50 percent of the engine parts and 10 percent of the electronic equipment are imported.

PRC Forces Cannot Cross the Sea

According to a military expert, who recently toured the plants, these plants, equipped with many of the latest machine tools imported from the United States, Japan, and Germany, are large, modernized aircraft production plants, that locally process titanium (heat-resistant light metal) and fiberglass.

The Ching-kuo is a light-weight fighter powered by two turbo engines generating 4.27 tons of thrust and a take-off weight of 9.5 tons. It can fly at a maximum speed

of Mach 1.8 and has a combat operational radius of 460 km, while carrying four infrared-guided homing Tien Chien 1 missiles, two active-radar-guided Tien Chien 2 missiles developed by the Chung Shan Science Institute, and one 20 mm canon.

Taiwan's aviation engineers are confident that the Tien Chen 2 missiles, with a range of 78 km, should be able to better the PRC's Sukhoi-27 fighters in combat.

Taiwan plans to build 120 Ching-kuo fighters, at a pace of two a month, despite the fact that production was suspended last July when defects were found in fuselage construction. Production is scheduled to resume this July after the problems are remedied. Completed planes' operations have not been suspended, and those planes assigned to the two flight squadrons at the Chinchuangang Air Base have been spotted making training flights.

As long as the PRC cannot establish air superiority, it will be nearly impossible for its troops to cross the 150 km-wide sea. Taiwan's defense authorities estimate the PRC's marine transport force to be capable of moving a "maximum of two divisions" during an invasion of a coastal island. Taiwan's Army consists of 280,000 men and 1,000 tanks. Of these, there are four divisions (about 40,000 men) on Kinmen Island (which is about 20 km long east to west and about 15 km wide south to north), two divisions (about 20,000 men) on Matsu Island, and one division (about 10,000 men) on Ponhu Island. Since Taiwan has about 200,000 men on the main island, an invasion there would be tantamount to committing suicide for the PRC.

Kinmen Island is only 1.8 km away from an island controlled by the PRC and 5 km from the Chinese mainland. From gun ports on the Mashaan Observation Post at the northern end of Kinmen Island, one can easily see people on the opposite coast and Chinese fishing boats operating up close.

On 25 October 1949, the PRC sent about 10,000 troops on 200 fishing boats to Kinmen Island in an attempt to capture it, but they were defeated in a battle that lasted two days, leaving 6,000 of them prisoners of war. In 1958, PRC forces bombarded the island, fiercely lobbing more than 470,000 rounds onto the island over a 44 day span beginning 23 August — in an attempt to first isolate the island, then capture it. That attempt failed as well.

Kinmen Island Is Entirely Fortified

Since then, Kinmen Island's fortifications have been increased. Now air-raid shelters with quadruple-mounted anti-aircraft guns are located at all major intersections, and guns protected by thick concrete walls and inter-

connected through a network of tunnels are scattered all across the island. Taishan hill is topped by a radar site and has a hospital and theater dug underneath into huge slabs of rock, which accommodate 1,000 people. It has a six-month supply of food stored as well.

At a glance Kinmen is a beautiful island and a tourist site that attracts about 600,000 people from the main island annually, but in actuality the whole island is a great fortress. For the PRC to capture the island, it would have to pour in a quarter of million troops and be willing to sacrifice tens of thousands in battle.

Some people in Taiwan are afraid that "the PRC might blockade Taiwan with its submarines." However, while the PRC possesses a little over 40 submarines, more than 30 of them are Romeo-class subs that the Soviet Union built after WWII, patterned on the German U-boat 21's made in 1944, with a few of the others being PRC versions. It also has five Han-class nuclear-powered submarines, but they have had problems like radiation leakage and excess noise, which makes them easily detectable. The only modern submarines that the PRC possesses are two Kilo-class subs (diesel and battery powered) bought from Russia last year.

Meanwhile, the Taiwan Navy has four locally built Cheng Kung-class ships designed after the U.S. O.H. Perry-class frigates (4,150 tons) and six U.S.-made Knox-class frigates (three more due to arrive soon). In addition, an order has been placed for six French-made Kang Ding-class vessels (3,500 tons), some of which are due to be delivered to Taiwan within the year. There are also about 30 anti-submarine patrol aircraft under the Air Force. In view of these anti-sub capabilities, the PRC's ability to blockade Taiwan with its submarine force is questionable. Furthermore, the commercial marine transport industry is so internationalized that if the PRC decided to sink merchant ships travelling to and from Taiwan, it could turn itself into an enemy of the world.

Taiwan Developing Missiles, Too

The most serious military threat to Taiwan is the PRC's ballistic missiles. That is why the PRC is using them as its primary tool of intimidation. Military personnel and technicians from Taiwan admit that it is difficult to counter them. Taiwan has placed an order for 600 Patriot PAC 2-plus surface-to-air missiles, and the first shipment of 200 rounds is due to arrive in June.

However, Patriot missiles are designed to explode near enemy aircraft with the patriot fragments doing the actual damage to enemy aircraft (as published). Missiles lobbed into Taiwan by the PRC will be ballistic missiles that will be traveling in a parabolic arc after their

fuel has expired. Patriot missile fragments are not as effective against oncoming ballistic missiles. This was made public during a survey conducted at the end of the Gulf War.

The United States is now studying the theater missile defense [TMD] system, which will deploy Theater High Altitude Area Defense [THAAD] ballistic missiles. Late last year, Taiwan asked to be admitted into the system. But the system continues to have technical problems and, despite the enormous cost, it does not ensure destruction of all incoming missiles.

Given the situation, Taiwan's Defense Ministry decided last September that "having retaliatory capability is the easiest way to deal with the problem," hence the decision to develop their own ballistic missiles.

Taiwan believes it would be pointless to have missiles with a range shorter than that of the PRC's "M-9", so under the "Tien Chien plan," its plan to develop its own ballistic missiles, Taiwan is seeking to develop missiles with a range of more than 600 km.

The engineers of the Chung Shan Science Institute conclude, "Technically, it would be far easier to produce these missiles than to produce the Tien Kung anti-air missiles.

But even if Taiwan chooses to counter PRC ballistic missile attacks with its own ballistic missiles, damages to Taiwan are bound to be considerable especially if its two major cities, Taipei and Gaoxiong, are bombarded. If Taiwan wants to deliver comparable blows to the PRC, it would have to bombard more than 20 cities on the mainland, and this would lead the conflict into an unfair competition. If Taiwan goes that far, the possibility remains that the PRC would choose to use its nuclear weapons.

Among Taiwan's aerospace engineers, some say: "The PRC's missiles are poor and inaccurate. They would have to use several hundred missiles to destroy places like radar sites and command posts. As such, they would not pose that great a danger."

But the PRC missiles, only costing 100 to 200 million yen [as published] each to produce, are rather cheap. If they are lobbed into a city like Taipei at the rate of one a week, the psychological and economic damage to Taiwan would be tremendous. For Taiwan's political and military leadership, the PRC's ballistic missiles are likely to be a continuing source of concern and distressing oppression during this election, and for a long time to come.

Japan: Finance Ministry Official Welcomes Banks' Loss Figures

OW2103105096 Tokyo KYODO in English
0942 GMT 21 Mar 96

[FBIS Transcribed Text] Tokyo, March 21 KYODO — Red-ink figures expected for many banks for fiscal 1995, while regrettable, should help the sector restore public trust as the losses mean progress in bad loan disposal, Vice Finance Minister Tadashi Ogawa said Thursday [21 March].

"Considering the social role of financial institutions, it is very regrettable that many banks will fall into losses," Ogawa said at a press conference.

"In a sense, however, the anticipated losses mean progress in the disposal of problem loans at banks and should help Japan restore domestic and overseas confidence in its financial system," he said.

Bank executives should pursue their management responsibility by making banks' operations sound by promoting disposal of bad loans, Ogawa said.

For fiscal 1995, which ends March 31, many banks are expected to incur losses due to disposal of huge problem loans to seven moribund housing loan companies, which the banks founded and which are to be liquidated under a controversial government-brokered scheme.

Ogawa reiterated that banks should decide at their own discretion how to deal with the disposal of the problem loans on their balance sheets.

Under the government's liquidation scheme, banks initially planned to abandon all their loans to the mortgage companies and implement tax-free write-offs of the resulting losses.

Stalled Diet approval of the liquidation scheme, however, has prompted some banks to consider indirect write-offs of their loans to the mortgage companies in the form of setting aside special reserves for possible loan losses.

Those banks fear they may face class action suits by shareholders if they simply give up their loans without assurance that the government scheme will be approved by the diet.

Japan: MITI on Plans To Permit Issue of Asset-Backed Securities

OW2103081396 Tokyo KYODO in English
0714 GMT 21 Mar 96

[FBIS Transcribed Text] Tokyo, March 21 KYODO — The government will allow leasing and consumer

credit companies to issue asset-backed securities (ABS) effective April 1 for more diverse and efficient capital raising, a top official of the Ministry of International Trade and Industry (MITI) said Thursday (21 March).

"The sector has a large financial demand with leasing accounts for some 10 percent of private-sector capital investment and around 10 percent of consumer spending being done on credit," said Tomio Tsutsumi, vice international trade and industry minister.

Under the ABS system, leasing and consumer credit companies will sell leasing assets and accounts receivable to their subsidiaries specially established for issuing commercial paper and other securities backed by those assets, the ministry said.

The companies will be able to raise capital at low costs if they use high-yielding assets for abs collateral, they added.

The cabinet of Prime Minister Ryutaro Hashimoto will formally decide Friday to amend a law regulating leasing and consumer credit companies and award them access to abs, as envisaged in the government's deregulation package released last March.

Japan: MOF Plans Further Deregulation of Securities Market

OW2103124996 Tokyo KYODO in English
0832 GMT 21 Mar 96

[FBIS Transcribed Text] Tokyo, March 21 KYODO — The Ministry of Finance (MOF) said Thursday (21 March) it will carry out a set of measures to further deregulate Japan's securities services, including the scrapping of requirements for new share issues for capital increases.

With steps to be taken in April by the Japan securities dealers association to enhance business data disclosure, the ministry will lift its guidelines on capital increases at market prices by companies through public share offerings, ministry officials said.

The ministry will in April lift the upper limits on the amount and frequency of privately offered corporate bond issues, and plans to ease curbs on resale of such bonds in April 1998, the officials said.

The ministry will also authorize securities companies to engage in buying and selling of loan claims and their intermediate services from June, and allow investment trust funds to do short selling, using borrowed bonds, starting in July, the officials said.

The ministry also plans to in principle lift restrictions on new offices of securities companies, including a ceiling

on the number of offices to be opened in a certain period, they said.

These measures will be included in a package of new deregulation measures to be adopted by the government on March 29, they said.

Capital increases by companies through public share offerings at market prices stopped in April 1989 with the collapse of the "bubble" economy of the late 1980s.

In a bid to facilitate the resumption of capital increases, the finance ministry introduced guidelines at the end of 1993.

Under the guidelines, companies seeking to raise capital through market-price share offerings are required to maintain the ratio of after-tax profits to shareholders' equity at 10 percent or more and to boost dividend payments by at least 20 percent.

The guidelines also call for the ratio of "potential" shares to overall outstanding shares to be below 10 percent. The potential shares represent shares that could emerge as a result of issuance of convertible and warrant bonds.

On the market for privately offered bonds, meanwhile, companies can in principle place up to six issues of bonds a year at a maximum of 20 billion yen per issuance.

The ministry will scrap the capital increase guidelines and the curbs on issuance of privately offered bonds to enable companies to raise capital based on market principles and full disclosure of business data, the ministry officials said.

As part of its deregulation measures, the ministry will also expand access of individual investors to the over-the-counter market by reducing the amount of money required for them to deposit with securities companies for such trading, they said.

Japan: Liquor Tax Said Full of Contradictions 962A0040A Tokyo EKONOMISUTO in Japanese 13 Feb 96 pp 72-75

[Article by Marin Isaka, food journalist: "Liquor Tax Completely Contradictory."]

[FBIS Translated Text] Three claimants, the European Union, United States, and Canada, brought a complaint about the gap in the tax on shochu spirits versus whiskey to the World Trade Organization [WTO], which will hand down a clear-cut decision on the issue in April. The writer looks back upon the Ten Year Liquor Battle and explains why revising the Liquor Tax Law now will contribute to market liberalization.

The First WTO Panel

Japan's Liquor Tax Law has been variously criticized abroad. Common to all of the criticisms is the [assertion] that it acts as a competitive hindrance to overseas manufacturers and that it is out of date, especially now that Japan is an economic superpower.

On 30 January in Geneva, Switzerland, a panel addressing the tax differential between "shochu spirits" and "whiskey" (the Dispute Settlement Panel) began its first full-scale deliberation (Note 1.) (Note 1: The current ratio of tax on whiskey to tax on shochu spirits is between 3.9 to 1 for patent-still shochu and 6 to 1 for pot-still shochu. Between "other spirits" and shochu spirits it is 2 to 1, at the highest.) The three claimants, the EU, North America, and Canada, have made the following two observations as they've sought for more than 10 years to open the market.

1. Despite the fact that spirits such as rum, gin, and vodka are products manufactured exactly the same way shochu spirits are, the liquor tax on them is higher than that on shochu spirits.

2. Despite the fact that whiskey and brandy are directly competitive or substitutable products (Note 2) for shochu spirits, the liquor tax on whiskey at its worst is approximately six times that on shochu spirits and thereby protects the domestic shochu spirits manufacturers. (Note 2: directly competitive or substitutable products are products which come within the competitive venue of a manufacturer. For the consumer, they are interchangeable products. If, after deciding you are going to drink whiskey upon a toast, you change your mind because of a friend's recommendation [that you drink] shochu spirits, and you say "shochu for me too" the two products are in a mutually interchangeable relationship to one another.)

Under WTO rules, the panel report as a rule has to be compiled within six months of the panel determination, which was on 23 October, 1995. [This means] a clear yes or no decision will be ready by the end of April at the earliest.

Actually, this will be Japan's first panel dispute since the World Trade Organization was launched on 1 January. Instances of [a dispute] arriving at a recommendation this way are particularly rare, this being only the third or fourth instance since the General Agreement on Trade and Tariffs (GATT) was launched in 1948.

But what is noteworthy is the fact that while on the surface it is the "Liquor Tax Law" that is being debated, underneath it is the "closedness of Japan's market" that is being questioned. So why is it that the claim has been brought against Japan? The issue goes back 10 years.

Ten-Year Battle Over the Japanese Market

It was 1986. The former European Community (EC) expected its trade deficit with Japan to reach an all-time high that year and irritation [with Japan] was reaching a peak. In March, the EC decided at a meeting of foreign ministers that their overarching strategy vis a vis Japan was to correct the large trade imbalance. As part of this, alcoholic beverages, which were symbolic export items for them with a relative international advantage, were chosen as good materiel with which to press Japan for market liberalization in individual negotiations. In October, the EC decided to bring the claim to the GATT.

But the focus at the time was the issue of the gap between identical whiskeys, "high-end imported western liquor" and "second-tier domestic liquor," not the difference in tax on distilled spirits [Joryushu, of which shochu is a type] and whiskey.

The Liquor Tax Law at that time included an ad valorem duty whereby the tax levied increased the more expensive the liquor was and a grading system had been adopted ranking whiskey into exceptional, first, and second grade according to the percentage of malt in the whiskey. Under this system most whiskey produced in the U.K. which has a high malt content, was classified as exceptional grade, or 27 percent malt or more, and taxed at the highest rate of 22 percent. Consequently, there was approximately a seven to one difference on the tax levied on identical volumes of exceptional and second grade [whiskey.]

Faced with the EC's conviction [to bring the issue before the GATT], the Government of Japan [GOJ], in an attempt to somehow avoid the impaneling the dispute settlement panel, proposed a general principle for tax system reform that would "abolish the ad valorem tax on whiskey and brandy, merge them into specific duties and shrink the range of whiskey to only exceptional and first grades while integrating second grade whiskey into the spirits category." The EC did not budge however, noting that "this just changes the name of second grade whiskey to spirits, while the gap remains as big as before" until finally in April, 1987 the panel began its deliberations. And then in November of that same year, a recommendation was promulgated, the second such ruling in history after the 1984 [ruling] on restrictions on leather shoe imports. The finding was a "Japanese violation of the GATT."

Making an Example of Shochu Spirits

But this does not mean that Japan necessarily agreed and complied with the negative ruling. Rather, one could say it slowly consented against its will to [the ruling]

as a member of the international community forced to respect the GATT dispute settlement process.

To allay EC criticisms in 1987, the GOJ offered a basic plan to amend the Liquor Tax Law on the pretext of introducing what was then called a large-scale indirect tax. Two years after the [GATT] ruling in 1989 the GOJ enacted the amendment. Its main tenets were as follows: 1) abolish the ad valorem duty on high-grade liquor and merge it into specific duties; 2) abolish the grades of whiskeys; 3) review the tax brackets of types of fruit wines and liqueurs based on the amount of "extract" in them; 4) narrow the gap in the rates of taxation on whiskey and shochu spirits by increasing the rate of taxation on the latter; 5) simplify the grades of refined sake.

With this amendment, all whiskey, regardless of price or whether it was imported or domestic, was to compete on the same playing field. However, this did not put out the fire, because the EC was still targeting the same difference as before in the tax on distilled spirits.

Unfortunately for it, consumption of shochu spirits fell the very next year, the year the tax increased, although demand did rebound thereafter. At the same time, whiskey did not benefit from the amended tax [law] and consumption just slowly declined. The EC once again grew irritated.

And the European Business Council (EBC: European Business Council Liquor Committee) believed that "eliminating the special tax rate category for second grade whiskey has worked to the advantage of shochu spirits, evidence that shochu spirits and whiskey are substitutable."

In 1992, the EC once again pressed the GOJ to amend the Liquor Tax Law, but this time their battle cry was "non-fulfillment of a GATT ruling."

Why Was the Claim Brought Against Japan?

"Japan doesn't keep its promises." To this day, this is what the EU claims. So why does the EU say that Japan "did not fulfill a GATT ruling?"

Let's go back to the 1986 ruling [as published]. The panel's decision then was: 1) All comparable grades of imported alcohol, whiskey, brandy, vodka, and including patent-still and pot-still shochu, and domestically manufactured distilled spirits are in a "directly competitive or substitutable relationship to one another;" 2) The tax protecting domestically produced goods must take all respective situations into account when levied and any differential must be "de minimus" (Note 3: minimum level) so as not to have a protectionist impact as prohibited under GATT Article 3, Item 2, Section 2.

(Note 3: Shochu spirits are deemed protected under the Liquor Tax Law, but the GATT authorizes the range of possible differences in taxing it. However, because the permissible differential is expressed only by the term 'de minimus,' interpreting it is difficult. Japan considers even the existing sixfold spread between whiskey and shochu spirits to be 'de minimus'.)

Because GATT Article 2, Section 2 stipulates that "domestic national taxes cannot be so excessive that they disadvantage imports against directly competitive or substitutable [domestic] products," according to the panel's ruling the difference in the rate of taxation on whiskey and shochu spirits should have been 'de minimus.'

Of course, there is something to be said on Japan's behalf as well. The Liquor Tax Law originated as a way to earn fiscal revenue from liquor at a time when there were no industries supporting the country and per capital income was low. The belief that "people who could afford to drink expensive liquor should bear the greatest burden" was natural during an era when the gap in incomes was wide. Historically speaking as well, shochu spirits were characterized as "the working man's liquor," with pot-still shochu (genuine shochu) deeply rooted in traditional Japanese culture, primarily in the Kyushu region.

In contrast to this, many countries in Europe and [North] America establish liquor tax laws as a preventative measure on the assumption that "liquor is an intoxicator." So they levy a higher tax the higher the alcohol content is in order to keep strong liquor out of the hands of consumers. Because the Japanese and European laws originated differently, one cannot agree straightway with the EU's decision. In addition, the value added taxes (the consumption taxes) in Europe and [North] America differ from those in Japan. As a result, Japan accepted the GATT ruling when it was handed down, but it was deeply dissatisfied with the panel's opinion about "protecting shochu."

What Was the Panel Dispute?

As far as the Ministry of Finance [MOF] is concerned, the WTO panel is tempting fate in fighting about whether "the Liquor Tax Law is protectionist" or not because in the event the law is judged "protectionist," the [problem of] interpreting that troubling foreign term, "de minimus," will emerge. What differential corresponds to "de minimus?" Panelists from three countries, Switzerland, Indonesia, and New Zealand, will decide.

One high-ranking MOF official attending a banquet at the end of last year confided to another MOF colleague.

"An advantageous precedent was set for Japan in 1994 with the American tax on luxury automobiles. We might actually win."

It's a good thing the MOF has faith in its own laws because losing this dispute would lead to higher taxes on shochu spirits. If that happens, it will not only deal a blow to the shochu spirits industry, but it will hurt consumers as well.

But lets go back to the fact that what's being called into question is not "the Liquor Tax Law" itself. What we are looking at is the 10 year battle over liberalization of the Japanese market.

What the EU wants is to create common international market rules that should be easy to understand on an international basis. And there is no other way to do this than to deal with each law individually. [This means] merge the liquor taxes on whiskey and shochu spirits and levy a single tax based on the alcohol content as requested. At the same time, carry out a policy the point of which speaks to various problems that may arise, such as assisting the small and medium size manufacturers with a small and medium size business countermeasure and have the government provide financial assistance as a cultural measure for some of the advertising and public relations costs involved in carrying on the tradition and culture of pot-still shochu. The Liquor Tax Law has already reached the limit of what it was supposed to cover. Some people say "if you make the tax rates on [whiskey and shochu] the same, it's not necessarily going to increase whiskey [sales]," which is fine. In short, we cannot make any more excuses to the other party than we already have.

In fact, there are intrinsic business opportunities for the shochu spirits industry in the "unified tax." It will be easier for manufacturers once they are allowed, to manufacture shochu spirits using the barrel-aged method, a method they had refrained from using in the past because it seemed similar to the method used for whiskey. Conversely, it might be nice to have whiskey with the same alcohol content as shochu spirits as well. There is no question that accepting the fact that they are substitutable products and letting them compete vigorously under liberal principles will stimulate the market.

A Further Criticism From Abroad

It is not just the gap in taxes on distilled spirits that is being criticized abroad. The MOF decided to increase the tax on bubbly liquor [Happoshu] as of 1 October (Note 4). (Note 4: bubbly liquor was devised to subvert the high beer tax by having less than a 67 percent malt mixture. The tax is cheaper on Suntory's 350 ml bottle

of Hoppusu with its 65 percent malt mixture, 24 yen, than on Sapporo's 350 ml bottle of Drafty which is 48 yen.) The estimated increase in revenue on bubbly liquor [as a result of the tax increase] now proposed in the Diet is only 2 billion yen. Strangely, products such as Suntory's Hoppusu which have less than 67 percent malt are not included in the revenue increase. The GOJ was intimidated because the manufacturers, before any formal announcement was made, [said] "we will cut the malt mixture to less than 50 percent and the liquor tax slides with the malt ratio so there will be no increase in revenue." Nevertheless, the MOF repeats its old chant that "increasing revenues is not the point, the point is to correct the unfair tax system." But this correction invites the opposite effect as it leads to discrimination against imports. Soon the Government of Canada [GOC] is going to ask the GOJ to negotiate whether the tax levied on Canadian beer is discriminatory because of the "other fermented liquor [Hakkoshu]" classification (Note 5). (Note 5: All alcohol prepared in ways that beer and wine are that do not have their own unique designations as far as tariffs are concerned are called "other fermented liquor." Examples of this would be Chinese Shaohsing rice wine and European Shidoru. Even foreign beer with less than a 50 percent malt mixture comes through customs as "other fermented liquor," but is relabeled once it enters the country as "bubbly liquor" under the Liquor Tax Law.)

The beer in question is King Solomon manufactured by the Pacific Western Brewing Company (PWB). Although PWB sells it as beer in Canada, nevertheless, King Solomon enters the country as other fermented liquor because it has less than 25 percent malt and as a result is subject to approximately 13 yen higher tariffs than beer.

The dividing line according to the Customs Tariff Law is 50 percent, any [imports] with more than 50 percent malt are categorized as beer and any with less as other fermented liquor. The difference in tariffs imposed on beer and other fermented liquor is 1:7. The tariff on beer will be reduced to zero in 2002 in accordance with a previous Uruguay Round agreement, while other fermented liquors will drop for the first time by only .7 yen in the year 2000.

Kazuko Komatsu, PWB's president, explains "when Japanese manufacturers export identical products to Canada all they have to pay is a .68 yen tariff on a 355 ml bottle, but we have to pay 15.30 yen." He argues, "either classify anything with less than 25 percent malt as 'beer' or cut the tariff on 'other fermented liquor' to the same level as beer." Under the amended Liquor Tax Law, the tax on King Solomon is due to increase by 7.7 yen per bottle, conversely the tariff would decrease by

approximately 5 yen if King Solomon were taxable as beer.

The Canadian Embassy observes, "the MOF demonstrates the same thinking about wine as it does about beer and decided to increase the tax on bubbly liquor. If that's the case the tariffs on bubbly liquor should be the same as on beer. Also, tariffs were originally meant to protect domestic products, but there shouldn't be any need to protect bubbly liquor made by large-scale domestic manufacturers."

U.S. manufacturers express their frustrations as well. American beer is usually around 63 percent malt and had been sold until last year as bubbly liquor in Japan. The liquor tax per bottle is 24.60 yen cheaper than on beer, but the tariff was as if for beer so it turned out to be one of the products benefiting from lower tariffs as well as lower taxes. If the percentage of malt in it were reduced to less than 50 percent in the same way as for Hoppu, the per bottle tariff on it would increase by 13 yen. This would disadvantage [the U.S. manufacturers] relative to the domestic manufacturers.

Budweiser Japan's president, Takao Kondo, responds, "only the domestic manufacturers can produce bubbly liquor with a less than 50 percent malt mixture, in practice foreign manufacturers cannot develop it. The reason this problem arises is because the tax on beer is too high. The tax on beer should be lowered to the level of bubbly liquor."

What About the Tax on Beer?

The liquor tax on a two-quart bottle [Obin] of beer accounts for 45.5 percent of [its cost,] remarkably high compared to the 15 percent liquor tax on refined sake (formerly, exceptional grade) accounts [for its cost.] Furthermore, beer accounts for approximately 80 percent of approximately 2 trillion yen in liquor taxes and over 70 percent of all alcohol consumption. It's a cash cow for the MOF. Precisely because of this, the MOF, protected by the common perception that "the beer tax is high on a worldwide basis," did not permit a lower tax product (bubbly liquor) at all. In addition, because the alcohol content of beer is between 4 and 5 percent lower, if the MOF levies taxes based on alcohol content, revenues will fall sharply and cucumber any "transfers."

Some may feel that because the Liquor Tax law is a domestic law, it should be set in accordance with the country's individual realities, but these days when there are so many previously unimaginable things being exchanged internationally, the fact is that the Liquor Tax Law is preventing fair competition. The Liquor Tax Law is behind the times.

Tokyo Seeks Accord on Common Housing Materials Standards

OW1903044796 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 17 Mar 96 Morning Edition p 3

[FBIS Translated Text] The Ministry of Construction [MOC] plans to actively promote discussions with other countries on mutual certification of standards for quality and performance of housing materials. It will send officials in charge to the United States and other countries and to testing institutes to sound them out about the possibility of agreements on mutual standardization. The MOC will also consider setting targets for the number of testing institutes with which the ministry will sign agreements and for construction materials subject to mutual standardization. The planned program aims to boost imports of foreign-made construction materials and reduce the high cost of housing construction.

Government-level discussions on implementing mutual certification started in the autumn of 1994, following a Japanese proposal made during a meeting of Japanese, U.S., and Canadian construction experts in 1993.

Japan: Industrialists Urge MITI To Retain Large Retailer Law

OW2103052396 Tokyo KYODO in English
0405 GMT 21 Mar 96

[FBIS Transcribed Text] Tokyo, March 21 KYODO — Leaders of industry groups representing small businesses urged International Trade and Industry Minister Shumpei Tsukahara on Thursday [21 March] to keep the law regulating large-scale retail stores in the present form though it will come under review in fiscal 1997, ministry officials said.

The request came when Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, and other business leaders met with Tsukahara over breakfast.

Tsukahara told the leaders he understood their request and the ministry will deepen discussion about the law when it is reviewed in the next fiscal year as part of the government's deregulation plan.

Katsuichi Yamamoto, chairman of the National Federation of Shopping Center Promotion Associations, called on the ministry to help small shopping arcades gain access to the parking lots of local government buildings and other public institutions on weekends, the officials said.

Only a limited number of small shopping arcades have parking lots of their own or can afford to build them.

Tsukahara said he wants to study measures for reinvigorating small retailers, including access to public parking lots.

Inaba and Eiichiro Kondo, chairman of the Central Federation of Societies of Commerce and Industry, urged the government to extend a moratorium to ease small businesses into a 40-hour workweek set by the Labor Standards Law, according to the officials.

The 40-hour workweek was introduced in fiscal 1994, but the government allowed small businesses to apply a 44-hour workweek until fiscal 1996 in light of labor shortages at such companies.

Tsukahara said he hopes the ruling coalition will study the issue by "examining the reality" of the companies.

Meanwhile, Koichi Inoue, the chairman of the National Federation of Small Business Associations, called on the government to consider small businesses when it implements deregulation, the officials said.

Japan: EPA Warns Production Shift Could Hit Technology Development

*OW2103113696 Tokyo KYODO in English
1047 GMT 21 Mar 96*

[FBIS Transcribed Text] Tokyo, March 21 KYODO — The shift of production and sales activities overseas by Japanese corporations could undermine their ability to develop new technology and lead to a decline in their international competitiveness, researchers at the Economic Planning Agency (EPA) reported Thursday [21 March].

The researchers from the agency's Economic Research Institute said improving technology — the basis of Japan's industrial vitality — is realized not only by research and development but also by constant feedback and learning from daily business activities in production and sales on the actual market.

When corporations move production overseas, they may get stimulating feedback on technological development in the particular market they are operating in, but often the effects of this feedback will be smaller than those from domestic operations, they said.

Citing the results of recent research in nine industries, they noted that electrical machinery and general machinery industries or steel and aluminum manufacturing industries were among those where that tendency was particularly obvious.

Simply moving production overseas could undermine their technological competitiveness, the EPA researchers added.

They also said even if firms themselves can maintain their technology levels after shifting production out of Japan, their subcontractors or other business partners supplying peripheral equipment to them would be cut off from the business networks of the outgoing companies.

The peripheral firms — often smaller companies — will then be left out of technological development, the researchers said.

To prevent this happening, Japan should construct a firm basis for small and medium-sized businesses and invite more foreign businesses to the country.

Creating information networks to link the overseas business bases of Japanese companies with domestic businesses is also important to get feedback from abroad, so as to keep stimulating technological development, they added.

Japan: Coalition Urged To Make Prompt Decision on NTT Issue

*OW2103085796 Tokyo KYODO in English
0807 GMT 21 Mar 96*

[FBIS Transcribed Text] Tokyo, March 21 KYODO — The ruling coalition should promptly reach a decision on the proposed split of Nippon Telegraph and Telephone Corp. (NTT) into smaller entities, the head of a key advisory panel to the telecommunications minister said Thursday [21 March].

A delay in the conclusion would put Japan further behind the rest of the world in the telecommunications market, said Sho Nasu, president of Tokyo Electric Power Co., who heads the Telecommunications Council.

The council proposed splitting up NTT as the best advice based on earnest, yearlong deliberations, Nasu said at a press conference.

The three-party coalition reportedly plans to put off making a decision on the proposal.

The advisory panel proposed late last month that the telecom giant should be dismembered into one long-distance and two regional — east and west — companies by the end of March 1999.

Japan: Shinshinto's 'Jusen' Issue Tactic Weighed

*OW2003094796 Tokyo BUNGEI SHUNJU
in Japanese Apr 96 PP 170-172*

[Article by political commentator Taro Akasaka: "Shinshinto Driven Into Corner at 'Jusen Diet'"]

[FBIS Translated Text] "Under a 1955 order, Diet discussions were frequently stopped, but it was stopped

only when a committee chairman instructed stenographers 'to stop shorthand recording' after executive members of all parties, including the Liberal Democratic Party (LDP), gathered around the chairman's table to save the face of the Social Democratic Party of Japan (SDPJ). Senior Diet Administration Committee officials would order us, 'Stop, stop the discussions,' but those days are now past. As we are directly at odds, the LDP's executive member would not now be expected to compromise. Diet discussions cannot be stopped so easily, and many senior officials do not understand this."

This was the complaint of Shozo Kusakawa [formerly of Komeito], a member of the largest opposition party, Shinshintō [New Frontier Party — NFP], which has repeatedly refused to take part in discussions, and has withdrawn from the Budget Committee of the House of Representatives.

The 136th ordinary Diet session is set to discuss the fiscal 1996 budget, which has been compiled predominantly to cope with financial measures in the face of serious economic stagnation, is being called the "jusen Diet."

For the NFP, the current Diet session is the best possible chance to question the responsibility of the Ryutaro Hashimoto regime and the ruling coalition parties, harass them, and drive them into a corner.

For the Hashimoto regime, which is backed by the coalition parties, there is no denying, according to a former cabinet minister from the Keizo Obuchi faction, that "the reaction to the jusen issue is stronger than the reaction created by the sales tax controversy and consumption tax."

Immediately before the "jusen Diet" convened, the NFP under President Ichiro Ozawa confirmed its basic strategy would be "to call to account the government and the ruling coalition parties over the liquidation plan for the jusen failures, and to delay budget discussions and force the government and ruling coalition to dissolve the House of Representatives and hold a general election."

Behind the scenes there was a strong feeling that "the NFP might be driven into a corner if this chance is missed, because the summoning of Daisaku Ikeda of Soka Gakkai to the Diet would be brought up again in connection with the controversy over the separation of religion and politics," according to a former Shinseitō [Renewal Party] member.

At first the NFP was high-spirited and confirmed a plan that party members would "resign their Diet memberships en masse," if the ruling coalition parties did not agree to the demand to dissolve the Diet. But that tough attitude was weakened when they retracted the

plan the following day. The party lacks firm tactics to carry out its basic strategy "to delay budget discussions in order to compel the government to dissolve the Diet and conduct a general election."

On the first day of budget discussion at the House of Representatives Budget Committee, the NFP had almost used the time assigned for questioning when its members on the committee left on the pretext that "they cannot sit at discussions unless they had access to more information, including the basis on which it was calculated how much would be earmarked for liquidating jusen bad loans."

Lying Down For As Long As A Thousand Days

Takeshi Noda, the NFP's Budget Committee executive member said: "The basis on which they arrived at a total of 685 billion yen was not presented until 4:30, when the time allotted me ran out. Three years ago, then prime minister Kiichi Miyazawa said 'the government will not let the people shoulder the burden,' and in three years the situation changed. Even though the prime ministership has changed hands, the LDP still lied. I asked the government to submit reference materials to explain why the situation had become worse and why such a big shortage had occurred, but the answer was ambiguous. Because the discussion was being aired live by television, and to avoid the impression that we were interfering with other parties, we withdrew from the committee."

Consequently, the NFP's Diet Administration Committee began drifting from the very first day of the overall interpellation when the NFP members' withdrew in the middle of committee discussions.

NFP's General Council Chairman Kozo Watanabe, who served as chairman of LDP Diet Affairs Committee during the LDP government era, said: "For the first time since the establishment of the party, we are united. A hard and fast rule of Sun-tzu's tactics is 'to confuse the enemy and unite ourselves.' So far we have been doing quite opposite; 'to let the enemy unite and to divide among ourselves.' As an opposition party, we must be determined to lie down on the floor for a hundred or a thousand days and nights. It is better not to refuse Diet deliberations from the beginning, if you attend the meeting the day following your refusal to take part. We are determined not to allow tax money to be used for liquidating the 'jusen' problem."

Chief Cabinet Secretary Seiroku Kajiyama bitterly smiled when confronted with the NFP's tactic of refusing Diet discussions and said: "It would be understandable if the tactic was employed at the final stage following active deliberations."

"But the discussions had only just started when the NFP resorted to such tactics. Who is the the NFP's leader?" he added.

At that stage, Kajiyama and the ruling coalition had already found the NFP condition helpless. Shin Sakurai, the LDP's executive member on the House of Representatives Budget Committee, harassed NFP directors by suggesting that Daisaku Ikeda, honorary chairman of Soka Gakkai, might be summoned to a Diet hearing. "The NFP would be forced into a difficult position if it continued to refuse Diet discussions. If the NFP continues its refusal, we might decide on unsworn witnesses on matters other than the jusen controversy."

The NFP side resisted this, saying: "Is it not complete intimidation?" In other words, the existence of a religious corporation called 'Soka Gakkai,' the NFP's largest de facto supporting organization, has sometimes proved to be act as a "fetter."

The NFP persists in blocking Diet deliberations, as Takeo Nishioka, chairman of NFP Diet Administration Committee, instructed members "to stop the deliberations." At an early stage, NFP leaders imagined the refusal of Diet deliberations would work favorably toward their objectives. NFP President Ichiro Ozawa and Nishioka assumed: "Now the wind is favorable to us and the ruling parties will not be able to last, their steps will eventually falter," as revealed by a senior NFP official. But that was a miscalculation.

In complete reversal of what the NFP had planned, the House of Representatives Budget Committee proceeded as scheduled by the ruling coalition "in the absence of NFP members." While the NFP members were absent from the discussions, it was resolved that the list of 100 debtor firms to whom jusen provided financing and the Finance Ministry's investigation reports on jusen activities on two occasions would be made public as all ruling and opposition political parties, including the NFP and the Japan Communist Party, had demanded.

Before any resolution was made, executive members of ruling coalition parties repeatedly called on the NFP to attend the committee. Takashi Fukaya, the LDP's executive member on the Budget Committee, said: "We have asked for the same reference material the NFP demanded and I just do not comprehend why the NFP members do not attend the meeting."

The NFP members on the Budget Committee, including Noda and Kusakawa, were flustered because the committee resolved to ask that the reference materials be made public, even as they continued to refuse to take part in deliberations. An NFP member involved with the Budget Committee confided: "We cannot return to

budget discussions if we stick to the current stubborn policy. And we will lose the advantage of timing if we do not return to the meeting."

Noda and others asked Kozo Watanabe to "coordinate" with Kajiyama and Kanezo Muraoka, LDP Diet Affairs Committee chairman, to whom Watanabe had access. While attempts were made to "weaken the influence of Nishioka," who sticks to the stubborn policy, "confrontational policies" based on how to deal with Diet administration came to the fore among members supporting Ozawa.

Against Nishioka, chairman of NFP Diet Administration Committee, who continues to "refuse budget discussions," Noda and other members of the House of Representative Budget Committee believe the "responsibilities of the government and the ruling coalition must be cross-examined through deliberations." Noda criticized Nishioka, saying: "Nishioka, in his LDP days, never gained experience managing Diet affairs. As a result, this is the first time he has been Diet Administration Committee chairman, and he is attempting to present a bold front to us."

Against this, Koji Morimoto, a former Komeito member and critical of Noda, had this suggestive criticism: "Nishioka's defense is strong. But that does not mean agreement cannot be reached. The only trouble is the existence of people among the committee members 'such as Noda' who wants to exert influence. These days I try to settle matters by saying 'it is up to the chairman of the Diet Administration Committee to make that sort of judgment.'"

It was a very embarrassing when Watanabe, who had incited members "to lie down for a hundred or a thousand days and nights" to block the Diet discussions at an early stage, had then to tell Muraoka and Kajiyama on the phone that NFP members would be back to resume Diet discussions. Watanabe lamented this to close friends when he said: "Once the chairman of the Diet Administration Committee decides what to do, it is partisan politics to follow his policy without raising opposition. There were no such newspaper reports in the past that the Diet Administration Committee chairman was at odds with the budget committee members."

The NFP has repeated these inconsistent tactics at the Diet by attending the House of Representatives Budget Committee discussions, withdrawing from the meeting in the middle of the session, and generally absenting themselves from discussions without a clear reason.

In reality, the NFP has been determined to get the Diet dissolved and to compel a general election. But without further means of attack, the NFP merely resorted

to turning the "jusen controversy" into a "means of political strife." And the limitation of the tactic, which never went beyond a refusal to take part in Diet deliberations, was apparent from the start. One of senior NFP members confided this reality by saying: "The budget discussion schedules were set so long that they cannot be consumed unless such sit-in tactics are taken. If sit-in tactics are not taken and the deliberations are forced to drag on until the end of March, it will be disadvantageous to us. The budget bill would have passed the Diet in February if the discussions had not been blocked by sit-ins, and in the remaining days religious issues will be brought up to make our position look shaky."

Abandoning Diet discussions was a worn-out tactic of the former Social Democratic Party of Japan (SDPJ now renamed Social Democratic Party) and it failed to win popular support. The long-standing unpopularity of the former SDPJ was apparently due to this tactic of refusing deliberations. The NFP does not seem to realize that it is the track to become a "second former SDPJ."

Japan: Land Prices in Urban Areas Reported Falling

OW2103103096 Tokyo KYODO in English
0812 GMT 21 Mar 96

[FBIS Transcribed Text] Tokyo, March 21 KYODO —
- Land prices in the Tokyo, Osaka and Nagoya areas declined last year for the fifth straight year-on-year drop, the National Land Agency said in a report released Thursday [21 March].

The drop reflects a continued downswing after the burst of the asset-inflated bubble economy in the late 1980s, the report said.

The average price of land for commercial use in Tokyo, Osaka, Nagoya and their vicinities as of Jan. 1 fell 16.0 percent from a year earlier, following a 14.8 percent decline in the previous year, the report said.

The average price of residential land in the three major urban areas posted a 4.6 percent fall, following a 2.8 percent tumble in the previous year, it said.

These land prices, tallied on a survey of land prices nationwide per square meter on the basis of real estate deals, serve as a barometer for land deals and the evaluation of inheritance and real estate taxes.

"The downward trend in commercial-area land prices in the major urban areas is likely to continue for a while," an agency official said, citing views of real estate companies.

The official forecast that residential-area land prices will be flat on a nationwide basis but stable regionally.

The decline in urban land prices could boost secondary losses from the liquidation of seven moribund "jusen" housing loan companies, or increase future losses resulting from disposing of bad loans left by the jusen, with urban-area real estate often held as collateral for many of the loans.

This means the government will be forced to pay more for the jusen liquidation, as its current plan requires it to cover half of such secondary losses on top of 685 billion yen earmarked under the fiscal 1996 state budget to mop up losses from the liquidation of the mortgage firms.

In the Tokyo metropolitan area, residential land prices fell 5.0 percent, while commercial land prices slid 17.2 percent.

In Tokyo's 23 wards alone, residential land prices fell 14.0 percent, while commercial land prices tumbled 20.3 percent.

In the Osaka area, residential land prices fell 4.3 percent, while commercial land prices were down 15.8 percent.

In the Nagoya area, residential land prices declined 3.6 percent, while commercial land prices dipped 12.6 percent.

Japan: Diet Members Address Auto Service Industry Group

OW2103075796 Tokyo SEIBI IN TOKYO in Japanese
Feb 96 p 33

[Unattributed article]

[FBIS Transcribed Text]

Morning Study Meeting with Representative Ichiro Takahashi (Monday, 6 November 1995 at the Kelo Plaza Hotel, Shinjuku, Tokyo)

House of Representatives member Ichiro Takahashi (New Frontier Party, Tokyo 4th District) told the group: "The new politics of the days to come will have to be flexible, elastic, and able to respond appropriately to the demands of the age. I would hope that we would study problems related to the motor vehicle service industry, and together with you play a useful role in resolving them. It is important to remember that in politics things are not decided by numbers alone. The ruling and opposition parties must do more than just wrangle if Japan is to avoid a crisis."

Chairman Hiroyuki Tsuruoka in greeting the meeting said: "Tremendous changes have occurred during the past year. For example, in politics we have had the

shift from the mid-size constituency system to the small (single-seat) constituency system. The environment surrounding the service industry has also been undergoing dramatic changes. Our industry is like a 'street corner doctor, looking out for the health of motor vehicles. The service industry is plagued by high costs, but safety is not an economic question, it is a social question."

[Former] Education Minister and Diet Member Shimamura Addresses Morning Study Session (Monday, 11 December 1995, Royal Park Hotel, Nishi-Shinjuku, Tokyo)

House of Representatives member Yoshinobu Shimamura (Liberal Democratic Party, Tokyo 10th District) told the meeting: "No matter how wonderful the seed you plant may be, if the ground in which you plant it is filthy, that seed is going to be contaminated. The world of politics is exactly the same, but thankfully my political career has been fostered by you, the wonderful residents of this district. Japanese frequently display the ability to handle problems right in front of their eyes but tend to be very forgetful about the past. Due to the bubble economy, individuals and corporations are suffering from burns that cannot be seen and that they cannot tell others about. If Japan is to exercise its real strength, it needs to go back to the starting point and start all over again. We also need to pay attention to installing mechanisms for maintaining economic security. I would hope that voters would raise their consciousness concerning politics."

Kuniharu Oba, head of the Edogawa Ward Chapter, told the audience: "I wish to thank Representative Shimamura, who is now serving as Minister of Education, for taking time out from his extremely busy schedule to be here today, and for representing this area so well. I hope that he will be able to do his best as Education Minister, and that in the future he will continue to show understanding towards our motor vehicle service industry."

Japan: Three Auto Service Groups Hold Joint Meeting

OW2003073796 Tokyo SEIBI IN TOKYO in Japanese Feb 96 pp 10-14

[FBIS Translated Text] On Tuesday, 9 January 1996, three Kanto area automotive service groups—the Tokyo Automobile Service Promotion Association [TASPA], the Tokyo Automobile Service Commerce Association, and the Tokyo Automobile Service Political Federation—held the "1996 Joint Congratulatory Reception" at the Hotel Kaiyo in the Okubo district of Shinjuku Ward, Tokyo. The majority of those present were officials, members or representatives (delegates) from the three auto service groups, but there were also

quite a few invited guests from government agencies dealing with this sector, fraternal corporate groups, members of the press, and so on. Chairing the meeting was TASPA Managing Director Inoue. First on behalf of the sponsors TASPA President Hiroyuki Tsuruoka offered congratulations.

He said: "This year, with the aim of seeing our commerce and industrial association become invigorated, we hope to see representatives from member groups meeting regularly. Last year was a year of tremendous change. Especially when it came to the environment in which we in the service industry has to operate, I would point to the fact that the revised Road Vehicles Act went into effect on 1 July 1995. As I understand it, the revisions it contains will transform it from the previous kind of law it was which mainly addressed "things," to a revolutionary new kind of vehicle law that seeks to improve the commitment and consciousness of drivers. For our part, we in the auto service industry, while always conforming to the law, should do our utmost to promote the development of an appropriate service industry.

Moreover, on 27 July 1995 the deregulation subcommittee of the government's Committee on Administrative Reform proposed simplification of the shaken mandatory motor vehicle inspection system. It opened up three points for debate—namely "extension of the period between shaken inspections," "reduction in service charges with the exception of taxes" and "separation of inspections and servicing in the private sector"—and sought the opinions of the industry on the issue. In the end, the report was sent to the Prime Minister, and although going ahead with the revision of the law on 1 July as scheduled the government decided to continue to study the trends concerning deregulation in this sector.

When it comes to this problem, the question of whether the financial burden for the shaken is too high or cheap is already a thing of the past. In a motor society with 70 million motor vehicles on the road, the number of cars that are going to require service is not going to decline. So that means that there are many areas where our industry can make contributions. "As we know from various kinds of surveys, consumers frankly admit that what they most want is that 'the vehicle I myself am driving will be serviced in such a way that it will not break down.' In that sense, as the number of motor vehicles owned increases, I believed that we will more and more have to become the kind of industry that makes contributions to the development of a healthy motorized society, and takes pride in its social responsibility and work. However, when such tremendous changes as we are witnessing take place, it is only natural that various kinds of thinking and

theories about the way things should be done should emerge. Here, I think we must look to our joint ideals. For us, more than anything else the articles of incorporation of the TASPAs express our joint ideals.

"When it comes to motor vehicle maintenance, this group of ours established for promotion of automotive servicing is working to improve the quality of maintenance, raise the level of technology, and maintain the health of motor vehicles. Other major objectives are making sure that the service industry continues to operate in the most appropriate manner, establishing ties of mutual trust with motor vehicle drivers, since these actions are tied to our ability to make the car service business healthier and make the ties of mutual collaboration among members of our associations even closer. Consequently, I think it fair to say that these are our only common ideals.

"For several years now we have been talking about 'increasing the level of satisfaction among customers.' But that era has already come to an end. Now, even while working to improve the level of satisfaction among customers, we should consider this an era in which we seek 'to increase our closeness with our customers.' It is my understanding that if we understand the feelings of our customers, our activities will have more than enough leeway to work for the development of a healthy motorized society.

"There are certain to be changes in 1996 as well, but we really should be considering this a positive trend. I would hope that we could act with the conviction that 'If there is change, we will have more chances for talking with our customers.' In this world every person has his or her own thoughts and feelings. The seeds of success are first sown when we can forge ties of mutual trust with our customers and fellow association members. So we must work to that end.

"Also, when it comes to improving service technologies, we face the problem of educational facilities. In the Tokyo Metropolitan Area, because of the extraordinarily high cost of land, educational facilities within the area are poor. Last year's General Association Meeting confirmed the previous enormous efforts of the earlier Operations Division when it comes to the expansion of educational facilities. Nevertheless, the economic environment has changed considerably, and we must have courage in devising appropriate responses to these changes. The General Meeting has indeed recognized the importance of educational facilities, but I would hope that we would carefully consider and study our responses to these changes. "Since we must redouble our efforts during the coming year for the sake of a healthy motorized society, I would ask that our distinguished

guests, beginning with those from government agencies with a connection to the service industry and related corporate groups, will continue to offer us direction and encouragement." Next, Masayoshi Dobashi, head of the Kanto Transport Bureau in the Ministry of Transport (MOT), told the meeting: "Last year we had several major incidents, starting with the Great Hanshin Earthquake in January and also including the Aum Shinrikyo sect Sarin gas attack on the Tokyo subway system. I think it was also a year in which there was little bright news when it came to the domestic economy. Fortunately, this year things might be different. At the beginning of the year the nation's stock markets were prospering. Also, sales of certain kinds of durable consumer goods and electric appliances are doing rather well, and the forecasts for important indices on trends in the economy are also looking good. I earnestly hope that these are indications that we are entering into a true domestic recovery. "On another front, results in for auto sales through November of last year show that on a national basis sales were up 3.3 percent compared to the same period the year before. Things were even better in the Tokyo Metropolitan Region, where sales increased by 6.8 percent. It is forecast that in the future as the nation's economy continues to recover the diffusion rate for motor vehicles will grow even larger. "For our part, the Kanto Transport Bureau is seriously considering various policies to cope with not only the growing diffusion of motor vehicles, but also to encourage safe driving and pollution prevention. Also, now over a half year since the Road Vehicles Act went into effect in July 1995, the new system is steadily taking root. This year we are looking at ways to spread the effects of the New Road Vehicles Act and to have them take deeper root. And in this area I would earnestly ask for your cooperation. Especially when it comes to relations with customers, it is especially important to be able to maintain transparency when it comes to the contents of service and clarity as far as charges are concerned. "The Transport Bureau has been conducting public information activities in order to raise consciousness among customers about the need for maintenance spot checks and encouraging self-realization concerning personal responsibility, and we are prepared this year to work even harder than last year to promote these things. Also, when it comes to the report issued in December 1995 by the government's Administrative Reform Committee, at first there was considerable consternation concerning the contents of the report, but I feel that thanks to your cooperation, we ended up with a final report that we can more or less accept. Since in the future we will be working to give concrete expression to the recommendations that fill the report, I would ask for your understanding

and cooperation in this endeavor." Next followed this speech from Yasuhiko Hiranuma, chairman of the three organizations: "The Greater Tokyo Metropolitan area is the center of Japan. Your daily cooperation and aid in the industry on a daily basis is reflected in the character of our nationwide organizations. At present our industry finds itself in a turbulent era. As to how we shall ride out these difficulties, that will depend on the wisdom of each and every one of you. Looking to Tokyo Automobile Service Commerce Association or the TASP for your welfare will simply not do. The only road to success is to defend your own 'castle' with your own efforts. "Especially with the implementation of the revised Road Vehicles Act just beginning in July 1995, the number of 'user shaken maintenance inspections' has been increasing. That means that we are going to have more inadequately maintained motor vehicles on the road. In terms of numbers as well, this is a serious problem. The accident rate involving improperly maintained vehicles in Japan stands at around 0.04 percent, compared to 7 percent in Europe. As for the United States, survey results show about a 10 percent disparity in the number of accidents in states that have shaken-style inspections and those that do not. Should the rate in Japan increase from 0.04 percent to just 1.0 percent, that would result in many more traffic accidents and much greater road congestion.

"Although the revised Road Vehicles Act just took effect in July 1995, there are still various kinds of demands emanating from the government's Administrative Reform Committee. But I feel that we have achieved fairly good results, thanks largely to cooperation on your part. During the next year and a half to two years, I think we will probably see an increase in the number of accidents that are occurring on our roads because of inadequate vehicle maintenance. To prevent this from happening, and stop traffic accidents from taking place, as well as avoid traffic congestion—these, I believe, are the greatest tasks facing those of us in the car service industry. "Bearing this most important goal of maintaining traffic safety ever in mind, we as professionals should make sure that accidents and congestion do not result from slips. We should always be attempting to make the cars of our customers on the public roads all that much more safe. That means that we should be thinking in terms of completely inculcating concern for everyday vehicle management. During 1996, I would hope that while keeping a firm eye on the trends, I hope that we will continue to work on these problems together. I urge the 83,000 service garages throughout Japan to join hands together and cooperate to eliminate traffic accidents during this coming year, and to get the number of road fatalities down below 10,000." Next, Takahisa Karasutani, the head of MOT's Tokyo Land Transport

Office, spoke as follows: "Recently someone in the industry told me that it was his philosophy that when a customer has a complaint, it is by no means sufficient to just pick up the phone and settle it that way. No, he said, we have to go out to the customer's home or place of work and work out the problem face-to-face so that there will be absolutely no chance for a misunderstanding. He added that since February and August tend to be relatively light volume-wise in the service industry, they offer perfect opportunities to conduct training for garage service personnel. It is his habit to get up at the front of the classroom and take responsibility for training the mechanics himself. Presently, we are entering an age of convergence between gasoline stations and businesses that specialize in substitutes for shaken maintenance inspections, but even so I am not all pessimistic about the future for your industry. The vast majority of you are pros who are always sincerely concerned for your customers and work very hard. I hope that this year as well you will unite under the leadership of Chairman/President Tsuruoka and with confidence do your best to raise the level of service." After his remarks, Mr. Karasutani proposed a toast, which signaled the beginning of the banquet portion of the program. Because of several factors, including the fact that the revised Road Vehicles Act took effect from July 1995 and the Administrative Reform Committee has been reappraising the shaken mandatory inspection system, the car service industry last year experienced a period of unprecedented flux. We are now entering a new year in which these issues will continue to have bearing, and amidst this unstable environment it is only natural that those at the meeting should have shown a mixed feeling of tension and high expectations for the upcoming year. Vice Chairman Tadao Fukui brought the 1996 congratulatory meeting to an end.

Japan: 'YKK Trio' Facing 'Ordeal,' Losing Influence

OW2003024696 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 18 Mar 96 Morning Edition p 2

[FBIS Translated Text] The "YKK Trio" [consisting of Liberal Democratic Party (LDP) members Taku Yamasaki, Koichi Kato, and Junichiro Koizumi], which has actively called for turning over LDP leadership to the party's younger generation, is now facing an ordeal. This is because an increasing number of party members are voicing complaint against LDP Secretary General Koichi Kato and Policy Research Council Chairman Taku Yamasaki for their lack of leadership in failing to come up with any solutions to the problem of the Diet session which has been stalled for two weeks over the approval of the draft FY96 budget. The "Group New

Century," which is led by the YKK trio, is also rapidly losing its influence within the party.

Many LDP members now hold negative views about the additional jusen disposal measures worked out by the ruling parties on 5 March under the initiative of Kato and Yamasaki, saying that the measures "boomeranged on us because they lacked content and provoked public discontent."

In particular, Kato has been cornered to a point where he can no longer handle Diet affairs properly because the issue of summoning him to the Diet as a witness in connection with a scandal over his alleged receipt of illegal donations has become the focal point of contention between the ruling and opposition parties. Recently, Kato has tended to remain inside his office within the Diet building, and a veteran dietman has made critical remarks, saying: "He seems to lack the vigor that he is willing to work his ass off to help resolve the deadlocked situation."

Former postal minister Koizumi has recently urged that "allocations for the jusen disposal scheme be deleted from the draft budget and the Diet be dissolved immediately." In reaction, some LDP members have voiced strong objection, saying: "That is an opposition-oriented way of thinking and an irresponsible remark."

Tokyo Considering Studying Nuclear Reactor Disposal Steps

OW1203132496 Tokyo KYODO in English
1206 GMT 12 Mar 96

[FBIS Transcribed Text] Tokyo, March 12 KYODO — Japan will study concrete steps for safely dismantling and removing the reactors of aging nuclear power plants before facing a wave of reactor disposals beginning around the year 2000, the Ministry of International Trade and Industry (MITI) said Tuesday [12 March].

The reactor disposal subcommittee of the advisory committee for energy, a panel under the MITI minister, will file a report on the issue as early as this fall, said officials of the agency of natural resources and energy, a MITI affiliate.

Currently, the state-run Japan Atomic Energy Research Institute is conducting research on the technical side of nuclear reactor disposals through tests using an experimental reactor in Tokai, Ibaraki Prefecture, northeast of Tokyo.

The United States and Europe are leading Japan on that front as they have already reached the stage of scrapping commercial reactors, the officials said.

The panel will convene about once a month using examples in Japan and overseas as references for discussion, according to the officials.

Following the panel's report, the Atomic Energy Commission, which reports to the prime minister, will decide on guidelines for reactor disposals, they added.

Reactor disposals will likely be on the agenda of the nuclear energy safety summit which will be hosted by Moscow in mid-April.

Experts say the lifespan of a nuclear power plant is between 30 and 40 years.

Japan now has 49 nuclear reactors in operation. The government is expected to release a plan by the end of the year to shut down the No. 1 reactor at the Tokai nuclear power plant in Ibaraki Prefecture which went on line in 1966.

The government will also have to study ways of scrapping other older reactors such as the No. 1 reactors of the Tsuruga and Mihama nuclear power plants in Fukui Prefecture, which started operations in 1970.

Under basic requirements for reactor disposals mapped out by the advisory commission for energy in July 1985, the government is to remove used nuclear fuel, clean up the reactors and then seal up for around 10 years before dismantling them.

Japan: Correction to Security Alliance With U.S. Discussed

WA2103143796

The following correction pertains to the item headlined "Japan: Security Alliance With U.S. Discussed," published in the 19 March East Asia DAILY REPORT, page 5: Page 5, Column one, make Nye read Nye (correcting misspelled name of U.S. Assistant Secretary of Defense Nye throughout the item).

North Korea

DPRK: U.S. Urged To Respond to 'Peace-Guaranteeing Proposal'

SK2103070196 Pyongyang Korean Central Broadcasting Network in Korean
0753 GMT 20 Mar 96

[Unattributed talk: "The United States Should Respond to Our Just Proposal for Negotiation"]

[FBIS Translated Text] Easing tensions on the Korean peninsula and achieving a solid peace there is our people's ardent desire and the world peace-loving people's unanimous aspiration. Proceeding from this, on 22

February, the DPRK Government put forward a new, expanded [chongaedoen] proposal to establish a peace guarantee mechanism.

The proposal is as follows: First, a tentative agreement should be concluded between the DPRK and the United States in order to eliminate the danger of armed conflict and war and to maintain the state of armistice in a peaceful way on the Korean peninsula. The tentative agreement shall include the management of the Military Demarcation Line (MDL) and the DMZ; ways to resolve armed conflict and accidents; the composition, duty, and authority of a joint military body; amendment and supplementing of the tentative agreement; and other matters for the maintenance of security. The tentative agreement shall take the place of the Armistice Agreement until a complete peace agreement is concluded.

Second, to implement and supervise the tentative agreement, a DPRK-U.S. joint military body should be organized and operated in Panmunjom in place of the Military Armistice Commission.

Third, negotiations should be held at a pertinent level to discuss matters concerning endorsement of the tentative agreement and organization of the DPRK-U.S. joint military body.

Given the fact that an agreement on nonaggression has already been concluded between the North and the South of Korea and that a North-South joint military body has also been established, if this detailed proposal of ours is realized, a momentous situation for alleviating tensions on the Korean peninsula and achieving peace there will emerge, and even the foundation for achieving reunification under a confederal system will be provided.

This proposal of ours is a reasonable initiative that fully accords with the interests of not only the parties directly concerned with the Korean Armistice Agreement, but also all other countries related to the agreement.

The great leader Comrade Kim Il-song taught: Deterring aggression and war and defending peace is the most ardent and serious task of the present times.

This proposal of ours to oppose war and to defend peace is arousing due support and sympathy from the international community today.

Nevertheless, only the United States, which bears direct responsibility for guaranteeing peace on the Korean peninsula, has not shown any active response to our reasonable proposal and, instead, has continuously perpetrated military threats against us, while still clinging to its policy of force.

Today, while introducing a large quantity of ultramodern weapons and operational equipment into South Korea, the United States is staging war exercises in the air, on the ground, and on the sea everyday in a bid to bring our Republic under its control at a stroke. In particular, the United States is more unscrupulously accelerating the moves to build a tripartite military alliance with Japan and South Korea. It has also repeatedly staged a U.S.-South Korea joint military exercise and a U.S.-Japan joint military exercise under the pretext of a so-called threat from the North. Thus, the United States is resuming its Cold-War policy in earnest.

Because of this, tensions on the Korean peninsula, which have become one of the thermal points [yolchom] of the world, are leading straight toward a more aggravated road, and the strain over the outbreak of a new war is felt every moment. [irohaeso onul segyejogin yolchomui hanaro toego innun choson pandoesoui kinjangun touk kyokhwaui illorul kotkoissumyo saejonjaeng palbalui kinjanggalmun sisikakkakuro omsuphaeogo isumnida] It is entirely the outcome of our Republic's patience and peace-loving policy and self-restraint that the state of armistice in our country is maintained and peace is preserved barely under the present situation.

In view of the actual conditions on the Korean peninsula today, which are running counter to the trend of the times that is advancing toward detente and peace, the United States, which has the real power in dealing with the security issue in South Korea, should keenly judge the trend of developments in South Korea.

It has become clear to everyone that the present armistice system, which was established 44 years ago, cannot perform the mission of maintaining security on the Korean peninsula. It is also a stark reality that all issues related to peace and security on the Korean peninsula, including the DPRK-U.S. agreement to resolve the nuclear issue, can be resolved only by us and the United States.

The DPRK and the United States of America are the de-facto parties concerned with the Armistice Agreement and, accordingly, have the noble responsibility to prevent the recurrence of war on the Korean peninsula and to achieve peace and security in the Asia-Pacific region. Therefore, we have consistently asserted that in order to arrange a mechanism for guaranteeing a complete, comprehensive, and durable peace on the Korean peninsula, it is imperative that a peace agreement be concluded between the DPRK and the United States.

Proceeding from this assertion, last February we put forward a new expanded peace-guaranteeing proposal to alleviate tensions on the Korean peninsula and to achieve peace there.

The United States should not reject turn away this proposal containing our generosity and peace-loving stance and should affirmatively respond to it.

DPRK: ILCRP Urges U.S. To Consider DPRK Peace Proposal

SK2103044596 Pyongyang KCNA in English
0438 GMT 21 Mar 96

["U.S. Must Ponder Over Peace Proposal of DPRK" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 21 (KCNA) — Guy Dupre, secretary general of the International Liaison Committee for Reunification and Peace (ILCRP) in Korea, said in a recent statement that the International Liaison Committee fully hails and supports the proposal of the DPRK Government for adopting a tentative agreement between the DPRK and the U.S. to remove the danger of armed conflict and war on the Korean peninsula and to keep the armistice peacefully.

The International Liaison Committee considers that the new important proposal is an epochal one to open a realistic way of constructive negotiation between the DPRK and the U.S. for detente and a durable peace on the Korean peninsula, which are a main factor of independent and peaceful reunification of Korea and world peace and security.

The statement said:

Noting that the U.S. must ponder over the realistic and broad-minded peace proposal of the DPRK and regard it with good intention and respond to the conclusion of the tentative agreement, the International Liaison Committee strongly called for negotiation to this end.

For the U.S. to respond to the peace proposal of the DPRK accords with the trend of the world toward a negotiated settlement of disputes and is in the interest of peace and security in the world. It is also beneficial to the U.S.

DPRK: U.S.-ROK 'Provocative Military Maneuvers' Decried

SK2103043996 Pyongyang KCNA in English
0435 GMT 21 Mar 96

["Provocative Military Maneuvers Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 21 (KCNA) — The South Korean puppets staged a joint air war exercise against the North in collusion with the U.S. imperialists on March 18 and 19, according to military sources.

The exercise was held in the sky above Oeyon and Tokjok Islets and Yaju area of South Korea under the command of an overseas-based "E-3" early warning plane. Involved in it were about 890 fighters of the U.S. Air Force and the South Korean puppet air force.

On the same days, more than 30 transport planes and helicopter gunships of the puppet army flew in the sky above Yonchon and Munsan, Kyonggi Province and Chorwon, South Korean Kangwon Province for "commandoes" airlifting operation and air strike exercises aimed at infiltration into in-depth area of the North.

On March 19, a "P-3" patrol plane of the South Korean puppet army conducted espionage on the East and West Seas (Sea of Japan and Yellow Sea) and seabed of the North.

In another development, on March 18 and 19, the South Korean puppets brought their soldiers into various places of the Demilitarized Zone (DMZ) in the western, central and eastern sectors of the front, who gravely threatened the safety of the North's civil policemen on routine duty.

DPRK: Literature on Kim Yong-sam Election Fund Viewed

SK2003114196 Pyongyang KCNA in English
1040 GMT 20 Mar 96

[FBIS Transcribed Text] Pyongyang, March 20 (KCNA) — Literature calling for opening to the public the "presidential election" campaign fund of the traitor Kim Yong-sam was distributed in the form of mail in some 20 areas including Pusan, Taegu, Kangnung, Ulsan and Mokpo, South Korea, a Seoul-based radio reported.

This indicates that moves to isolate and ostracize Kim Yong-sam are getting more brisk in public circles.

DPRK: ROK Persecution of Hanchongnyon Students Denounced

SK2003131496 Pyongyang KCNA in English
1048 GMT 20 Mar 96

[FBIS Transcribed Text] Pyongyang, March 20 (KCNA) — The KOREAN CENTRAL NEWS AGENCY released a detailed report on Tuesday accusing the Kim Yong-sam group of scheming to punish Chong Min-chu and Yi Hye-chong for their "unauthorized" visit to Pyongyang as delegates of the South Korean Federation of University Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon).

The girls, called "birds of reunification," visited Pyongyang for 50 days from August 14 to October 3, 1995.

to participate in the Grand National Reunification Festival marking the 50th anniversary of national liberation. Their visit fully demonstrated the ardent desire of the young people for the reconciliation and unity of the nation and the reunification of the country.

When they returned to South Korea through Panmunjom, however, the Kim Yong-sam group charged them with the violation of the fascist "National Security Law."

The report titled "Patriotism Judges Treachery" elaborates on the girls' patriotic activities in the North and on the treacheries committed by the Kim Yong-sam group.

The report says:

During their Pyongyang visit the two conducted patriotic activities out of love for the fellow countrymen and hope for the reunification of the country. But all the Kim Yong-sam group did were treacherous, anti-ethnic crimes seeking flunkeyism, fascism and permanent division.

The Kim Yong-sam group are scheming to penalize the girls on charges of "escape" and "assembly, praise and encouragement" by invoking the "National Security Law." The groundless charges remind one of a defendant judging a plaintiff, injustice killing justice and a traitor punishing a patriot.

For our nation, who has lived separated for half a century, or some 18,000 days, genuine patriotism is closely linked with the struggle for national reunification and it can by no means be criminalized.

The persecution of Chong and Yi is an unacceptable challenge to the nation desirous of reunification. It is a last-ditch effort of the traitors and anti-reunification elements finding themselves in hot water for their blackest crimes against the country and the nation.

They must be mindful that the harsher their suppression of the patriotic struggle of South Korean students and people for independence, democracy and reunification, the earlier their doom. They must promptly stop unjustifiable persecution of the two "Hanchongnyon" delegates and acquit all the patriotic champions of reunification who were arrested on unreasonable charges.

Patriotism has judged the traitor Kim Yong-sam's treacheries intolerable.

His group must know that if they penalize the patriotic students, ignoring the whole nation's demand, they will only move up the day of their stern punishment by history for their indelible crimes.

DPRK: Pominnyon Vice Chairman Urges Abolition of NSL, NSP

*SK2003234396 Pyongyang KCNA in English
2225 GMT 20 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 20 (KCNA) — Chon Chang-il, permanent vice-chairman of the South side headquarters of the National Alliance for the Country's Reunification (Pominnyon), reportedly made a statement at a trial on March 8.

In the statement, he branded the "National Security Law" (NSL), a political weapon of the successive dictatorial regimes against reunification and democracy, as enemy of democracy.

The South Korean authorities viciously suppress Pominnyon, which performs its just and noble duties, by invoking the "NSL," he said, adding that only in South Korea there is such an evil law as the "NSL."

"When Kim Yong-sam was engaged in pro-democracy movement in the opposition camp, he called for the abolition of the 'NSL' and dissolution of the 'Agency for National Security Planning [NSP],' but he exchanged this call with the 'presidential' chair and betrayed the people desirous of democracy at the time of the merger of three parties," Chon Chang-il said.

The liquidation of the malpractices of the "Fifth and Sixth Republics" to "set history straight" should begin with the abolition of the "NSL," he said, and added: "We should hand down to the younger generation a united nation and a prosperous unified country where all people love and help one another."

DPRK Paper Views 'Struggle' of ROK Workers

*SK2103044896 Pyongyang KCNA in English
0441 GMT 21 Mar 96*

["NODONG SINMUN on S. Korean Workers' Struggle" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 21 (KCNA) — NODONG SINMUN today says the South Korean puppets' harsh suppression cannot overpower workers in their just cause.

In a commentary the daily says that with the advent of spring, the South Korean workers have invigorated their struggle for the freedom of trade union activities, wage hike, vital rights and democracy.

It further says:

The Kim Yong-sam regime, which promised to build a "society where working people are well off," has kept their wages on a very low level, crying for "sharing

of sufferings" and "self-control of desire," so that their living conditions have gone from bad to worse.

Righteous are the activities of the South Korean workers and their organizations for vital rights and democracy. Their demand should be met without fail.

The South Korean workers, well aware that struggle is their only choice, will further intensify their struggle.

DPRK: Japan Urged To Provide Compensation for 'Past Crimes'

SK2103114096 Pyongyang KCNA in English
1036 GMT 21 Mar 96

["Unavoidable Obligations of Japanese Government" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 21 (KCNA) — The Korean people have the legitimate right to demand of Japan an honest apology and adequate war indemnity and compensation and they will exercise this right without fail.

Dr. Ong Nam-yong said this in an article contributed to NODONG SINMUN today. The author continued:

Japan has neither admitted, apologized, reflected on and paid war indemnity and compensation for the past crimes nor has it shown any willingness.

The "comfort women for the Japanese Army" issue is a governmental and legal issue the Japanese Government should solve in a responsible manner.

The Japanese Government is the offender who organized and ordered sexual assault on "comfort women."

It enacted an unethical law called "Ordinance on Female Volunteer Service" to legitimate and institute the criminal "comfort women" system. It alleged that "comfort women" should be sent to the soldiers and "comfort stations" be set up so that military discipline could be established and the soldiers be "loyal."

Before the Pacific War, the Japanese military already ordered the troops detached to various directions and the expeditionary troops to set up and operate "comfort stations" and urged the "governments-general" in Korea and Taiwan and local police to provide "comfort women" and facilities allegedly to prevent antagonism of local people toward the Japanese Army and venereal disease and to keep military secrets.

The "comfort women" issue should be settled through legal war indemnity and compensation.

The Japanese authorities base themselves on the San Francisco Peace Treaty each time they argue that the compensation to "comfort women" has already been settled by law.

In fact, however, nothing has been settled in the aspect of compensation to "comfort women" under this treaty.

This is obvious in view of the binding force of the international treaty. Most of the more than 200,000 "comfort women" were Koreans. The rest were Chinese, Indonesian, Philippine and other Asian women as well as some Dutch women. The DPRK and China did not accede to the San Francisco Peace Treaty and Indonesia did not ratify it.

It is clear, therefore, that these countries are not restricted by this treaty.

As seen above, the "comfort women" issue has nothing to do with this treaty. It is outrageous to use the treaty as a basis of the argument that compensation issue has been settled.

The treaty's article saying that indemnity might be reconsidered can never be a legal basis for freeing Japan from being obliged to pay indemnity and compensation, because it is a result of the criminal intention of the United States to revive and rearm Japan and use it as a tool for the strategy of dominating Asia.

Like the San Francisco Peace Treaty, the separate "peace treaties" and "statements" signed between Japan and the victim nations can never be a legal basis for removing Japan's obligation.

There has been signed no agreement on compensation between Japan and the DPRK, which suffered most from Japan's crime relating to "comfort women."

Japan has no ground to say that the issue of war indemnity and compensation has been settled in its relations with the DPRK.

Had Japan frankly admitted its past crimes and honestly atoned for them in time, it would not have been disgraced and criticised in the international arena and would have dispelled the ill fame.

If Japan does not atone for its past crimes, it will never escape criticism from the world public that love justice, progress and peace.

DPRK: German Asia-Pacific Business Association Departs

SK2003131896 Pyongyang Korean Central
Broadcasting Network in Korean
1300 GMT 16 Mar 95

[FBIS Translated Text] On 16 March, a delegation of the German Asia-Pacific Business Association led by its President Edgar E. Nordmann departed Pyongyang by plane.

The delegation was seen off at the airport by Yi Paek-sok, vice chairman of the DPRK Committee for the Promotion of International Trade.

Prior to this, a banquet arranged for the delegation was held at the Pyongyang Koryo Hotel on the evening of 15 March.

During its stay, the delegation visited various places, including the Tower of the Chuche Idea, the Three Revolutions Exhibition Center, Pyongyang subway, and May 1 Stadium. The delegation also attended an acrobatics performance.

DPRK: Zaire Party Leader Praises Socialism's Might, Vitality

*SK2003234196 Pyongyang KCNA in English
2221 GMT 20 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 20 (KCNA) — Ngoy Nduba Kamatanga [spelling of name as received], secretary general of the Lumumba Democratic Party of Zaire, on a visit to Korea, highly praised the invincible might and great vitality of Korean style socialism.

He said that the singlehearted unity is, indeed, a source of strength which created a proud history and is the admirable tradition of the Korean people. Thanks to this singlehearted unity the Korean people defeated the Japanese and U.S. imperialists and have built powerful socialism, he noted, and went on:

"As guided by the great leader Comrade Kim Chong-il, the Korean people are advancing along a straight road of victory without slightest vacillation and adding luster to the revolutionary cause started by the great leader Comrade Kim Il-song down through generations.

"With the application of the chuche idea, the popular masses have become masters of everything and everything serves the popular masses in Korea.

"Especially, the young people are respecting the fore-runners of the revolution, taking the lead in defending the motherland, and volunteering to work in difficult and laborious fields with honour of youth."

Convinced that Korea's socialism based on the chuche idea would achieve greater success, he expressed full support and firm solidarity for the Korean people in their struggle to build socialism.

DPRK: Asian Tennis Federation Delegation Departs
*SK2003114796 Pyongyang Korean Central
Broadcasting Network in Korean
1300 GMT 16 Mar 96*

[FBIS Translated Text] On 16 March, a delegation of the Asian Tennis Federation led by its President Eiichi Kawatei left Pyongyang by plane.

The delegation was seen off at the airport by Yi Tong-ho, deputy chairman of the State Sports Committee.

DPRK: Kim Chong-il Replies to Foreign Party Leaders

*SK2003122496 Pyongyang KCNA in English
1029 GMT 20 Mar 96*

[All names as received]

[FBIS Transcribed Text] Pyongyang, March 20 (KCNA) — The Great Leader Comrade Kim Chong-il sent telegrams to foreign party leaders in reply to their messages of greetings on the occasion of his birthday.

They are Man Mohan Adhikari, president of the Central Committee of the Nepal Communist Party (United Marxism-Leninism); Narayan Man Bijukchhe, chairman of the Central Committee of the Nepal Worker-Peasant Party; Walid Junblatt, president of the Socialist Progressive Party of Lebanon; Inaam Raad, chairman of the Nationalist Socialist Party of Syria in Lebanon; Abdallah al-Shahal, secretary of the lebanese regional leadership of the Arab Socialist Baath Party; B. Dashyondon, general secretary of the Mongolian People's Revolutionary Party; Khalequzzaman Bhuiyan, convenor of the Central Committee of the Socialist Party of Bangladesh; Mujahdul Islam Selim, general secretary of the Central Committee of the Communist Party of Bangladesh; Dilip Barha, general secretary of the Central Committee of the Communist Party of Bangladesh (Marxist-Leninist); Rashed Khan Menon, general secretary of the Central Committee of the Workers' Party of Bangladesh; Garib Newaz, president of the Bangladesh People's League; Nir Mal Sen, general secretary of the Central Committee of the Socialist Party of Workers and Peasants of Bangladesh; A.F.M. Mahtudul Huq, convenor of the Central Committee of the Socialist Party of Bangladesh; Raja Collure, general secretary of the Central Committee of the Sri Lanka Communist Party; Athit Urairat, leader of the Seritham Party of Thailand; Dogu Ferincek, chairman of the Workers' Party of Turkey; Iqbal Ahmed Khan, secretary-general of the Pakistan Muslim League and chairman of the Muslim Committee of Pakistan; Vassos Lyssarides, chairman of the Central Committee of the Socialist Party of Cyprus; Yacub Zayadine, general secretary of the Central Com-

mittee of the Jordanian Communist Party; Talal Hafun Ala Mai, general secretary of the People's Unity Party (Unionist) of Jordan; Indrajit Gupta, general secretary of the National Council of the Communist Party of India; H.S. Surjeet, general secretary of the Central Committee of the Communist Party of India (Marxist); Chitta Bish, general secretary of the Central Committee of the All-India Forward Bloc; Masayoshi Takemura, chairman of the Japanese New Party Sakigake; Abdul Karim al-Iriyani, general secretary of the General People's Congress of Yemen; Huudu Yahaya, general secretary of the National Democratic Congress of Ghana; Abou Bacar Sompore, general secretary of the Party for Unity and Progress of Guinea; Rakotvaio Andrianjara, president of the Party of the Congress for the Independence of Madagascar; Richard Andrianmanjato, president of the New Party of the Congress for the Independence of Madagascar; Ibrahima N'diaye, secretary general of the Executive Committee of the African Party for the Solidarity and Justice of Mali; Mamadou Bamou Toure, general secretary of the National Direction Committee of the Sudanese Union-African Democratic Rally of Mali; Toe de Stanislas, general secretary of the Democratic Youth Revolutionary Party of Burkina Faso; Ali Houdou, general secretary of the Construction Workers' Party of Benin; Majhemouth Diop, chairman of the African Independent party of Senegal; Emile Kibela Bey a Nsien, National Chairman of the Workers' Party of Zaire; Otete Gaston Mboyo, national chairman of the National Movement for the Genuine Lumumbist Combatants of Zaire; Lawrence Mtazama Gama, general secretary of the Revolutionary Party of Tanzania; Dama Dramani, general secretary of the Togolese People's Rally; Mohamed Bel Hadj Amor, general secretary of the People's Unity Party of Tunisia; Boualem Benhamouda, general secretary of the Central Committee of the Algerian National Liberation Front; Lopo Fortunato Ferreira do Nascimento, secretary general of the Popular Liberation Movement of Angola; Youssef Amin Wali, general secretary of the Egyptian National Democratic Party; Klaus Riis, chairman of the Central Committee of the Communist Party (M-L) of Denmark; Preben Moller Hansen, chairman of the Danish Workers' Party, Common Cause; Hans Wauer, chairman of the Communist Party of Germany; Florian Petrescu, chairman of the National Committee of the Socialist (Communist) Party of Romania; Ilie Verdet, president of the Socialist Workers' Party of Romania; Victor Voichita, chairman of the Romanian Party for New Society; G. Zuganov, chairman of the Central Committee of the Communist Party of the Russian Federation; O. Shonia, chairman of the Council of the Unions of Communist Parties of the Communist Party of the Soviet Union; V. Tyulkin, first secretary of the Central Committee of the Commu-

nist Workers' Party of Russia; Nina Andreyeva, general secretary of the Central Committee of the All-Union Communist Party of Bolsheviks; Victor Anpilov, secretary of the Central Committee of the Communist Workers' Party of Russia and chairman of the Executive Committee of the "Working Russia" Movement; V.V. Zhirinovskiy, chairman of the Liberal Democratic Party of Russia; Vassalo Anthony, general secretary of the Central Committee of the Communist Party of Malta; Boris Petkov, chairman of the Executive Council of the Central Committee of the Bulgarian Communist Party (Marxists); S.I. Kalyakin, first secretary of the Central Committee of the Party of Communists of Belarus; Ludo Martens, chairman of the Central Committee of the Belgian Labour Party; Frank Baude, chairman of the Central Committee of the Communist Party-KPML (R) of Sweden; Rolf Hagel, chairman of the Communist Party of Sweden; Vladimir Dado, chairman of the Slovak Communist Party; Miroslav Stepan, general secretary of the Central Committee of the Czechoslovak Communist Party; Miroslav Grevenicek, chairman of the Central Committee of the Czechy-Morava Communist Party; Chairman Timo Lahdenmaki and General Secretary Heikki Manikko of the For Peace and Socialism-the Communist Workers' Party of Finland; Aleka Pappas, general secretary of the Central Committee of the Communist Party of Greece; Blasco Hugo Fernandes, chairman of the National Direction Committee of the Democratic Intervention of Portugal; Zbigniew Wiktor, chairman of the National Executive Committee of the Polish League of Communists "Proletariat"; General Secretary Pat Quearney and President Marian Donnelly of the Workers' Party of Ireland;

A. Dzalalov, first secretary of the Central Committee of the People's Democratic Party of Uzbekistan; P.N. Simonenko, first secretary of the Central Committee of the Communist Party of Ukraine; Stevan Mirkovic, president of the Presidency of the Communist Workers' Movement of Yugoslavia; Branko Kitanovic, general secretary of the New Yugoslav Communist Movement; Branko Rozo, chairman of the Central Committee of the League of Communists of Yugoslavia; Ratko Krmanovic, president of the National Committee of the League of Communists-Movement for Yugoslavia; Roberto Gabriele, general secretary of the Movement for Peace and Socialism of Italy; Mauro Gazadio, general secretary of the Struggle for the Peace and Socialism of Italy; Juan Ramos, general secretary of the Central Committee of the Communist Party of the Peoples of Spain; Thurmer Gyula, chairman of the Hungarian Workers' Party; Llewelyn John, leader of the People's Democratic Movement of Guyana; Manzoor Nadir, leader of the United Force Party of Guyana; Lealle Ramsammy, leader of the United Republican Party of Guyana; Pe-

ter Persaud, leader of the Amerindian Action Movement of Guyana; Terence A. Marryshow, political leader of the Maurice Bishop Patriotic Movement of Grenada; Christian Celeste, general secretary of the Central Committee of the Communist Party of Guadeloupe; Miguel Mejia, secretary general of the United Left Movement of Dominica; Baltasar Ignacio Balades Montoya, chairman of the National Committee of the Mexican Democratic Party; Rafael Aguilar Talamantes, national chairman of the Central Committee of the Lazaro Cardenas Front Party for National Reconstruction of Mexico; Indalicio Sayago Herrera, general secretary of the Central Committee of the Socialist People's Party of Mexico; Prime Minister and leader Owen Arthur and General Secretary P. Sorington of the Barbados Labour Party; P.V. David Comisiong, general secretary of the National Democratic Party of Barbados; Marcos Domich, first secretary of the Central Committee of the Bolivian Communist Party; Joao Amazonas, chairman of the Central Committee of the Brazilian Communist Party; Chairman Artur da Tavolar and General Secretary Moema Sao Tiago of the National Executive Committee of the Socialist Democratic Party of Brazil; Claudio Campos, general secretary of the Central Committee of the October 8 Revolutionary Movement of Brazil; Gladys Marin, general secretary of the Central Committee of the Communist Party of Chile; Hardial Bains, national leader of the Communist Party (Marxist-Leninist) of Canada; S. Aman, general secretary of the United National Congress of Trinidad and Tobago; Eduardo Mora Valverde, coordinator of the People's Party of Costa Rica; Humberto Vargas Carbonel, general secretary of the People's Vanguard of Costa Rica; Alvaro Vasquez del Real, general secretary of the Central Committee of the Communist Party of Colombia; Aida Abella Esquivel, chairman of the National Leadership of the Patriotic Union of Colombia; Humberto Zuluaga Monedero, general secretary of the Colombian Conservative Party; Raul Castro Ruz, second secretary of the Central Committee of the Communist Party of Cuba and minister of Revolutionary Armed Forces of Cuba; Ruben Dario Sousa, general secretary of the Central Committee of the People's Party of Panama; Chairman Victor Sanchez Bilagra and General Secretary Ricardo Esti Garribia of the February Revolutionary Party of Paraguay; Renan Raffo Munoz, general secretary of the Central Committee of the Peruvian Communist Party; Alberto Moreno, general secretary of the Central Committee of the Communist Party of Peru (red motherland); Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students of Peru; Luis Mateo Munos, general secretary of the Socialist Party of Peru; Guzman Rivera Castaneda, general secretary of the Revolutionary Socialist Party of Peru; Angel Castro Lavarello, president of the National Ex-

ecutive Committee of the Left Revolutionary Union of Peru and chairman of the Peruvian Front for National Liberation; Jorge Diaz Leon, national secretary general of the Popular Action Party of Peru; and Julian Hunte, leader of the Labour Party of St. Lucia.

In telegrams, Comrade Kim Chong-il expressed deep thanks to them for warm congratulations on his birthday.

He expressed the belief that the friendly and cooperative relations between the Workers' Party of Korea and those parties would develop on good terms in the future, too.

DPRK: Kim Chong-il Visits KPA Unit on Mt Taedok

*SK2103002896 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 20 Mar 96*

[FBIS Translated Text] Comrade Kim Chong-il, the supreme commander of the Korean Peoples' Army [KPA], has inspected a KPA unit defending the guard post on Mt. Taedok along the western front.

Comrade Kim Chong-il, chairman of the DPRK National Defense Commission, supreme commander of the KPA, and the great leader [yongdoja] of our party and people, inspected a KPA unit defending the guard post on Mt. Taedok along the western front on 18 March.

At the KPA unit, which is filled with the one-is-a-match-for-100 revolutionary spirit, military slogans reflected the People's Army's loyal resolution, such as "Long live the respected and beloved comrade supreme commander!" "Let us devotedly fight for the respected and beloved Supreme Commander Comrade Kim Chong-il," and "Let us become today's Seventh Brigade that death-defyingly defends the nerve-center [sunoebu] of the revolution."

The heart of every soldier of the unit rapidly leapt with boundless gratitude and happiness in the presence of the respected and beloved comrade supreme commander at the guard post on Mt. Taedok once again after 33 years.

At 1600 [0700 GMT], Comrade Kim Chong-il, supreme commander of the KPA, arrived at the unit. At that moment, a storm of cheers shook the sky and the land, ringing in the high and low mountains along the front.

Comrade Cho Myong-nok, vice marshal of the KPA and director of the KPA General Political Bureau; Comrade Yi Ha-il, vice marshal of the KPA; Comrade Generals Kim Myong-uk and Kim Ha-kyu; Comrade Colonel General Pak Chae-kyong; and commanding personnel of the KPA Supreme Command's operations team accompanied him.

The Supreme Commander Comrade Kim Chong-il was received on the spot by Colonel General Comrade Kim Kyok-sik, Lieutenant General Yi Chang-han, and commanding officers of the unit.

After receiving a welcoming report from the commander of the unit, Comrade Kim Chong-il visited the great leader Comrade Kim Il-sung's on-the-spot teaching board which stands at the guard post on Mt. Taedok, a monument to his on-the-spot guidance, as well as historic sites bearing immortal history.

The guard post on Mt. Taedok is a meaningful historic site, which the great leader [suryong] Comrade Kim Il-sung and the respected and beloved Supreme Commander Comrade Kim Chong-il visited in person on 6 February 1963, treading the snowy road to warmly care for the soldiers' life and to present the historic slogan "one-is-a-match-for-100" for the first time.

Recalling with deep emotion the immortal stories of that unforgettable historic day 33 years ago, Comrade Kim Chong-il went up to the observation post, passing through a narrow path treaded by the fatherly leader [oboi suryongnim]. At that time, the dark clouds that had poured snowy rain suddenly disappeared, and the glaring sunshine from the clear sky brightened the world, just as if nature also greeted the great peerless general with hearty cheers.

Comrade Kim Chong-il viewed the enemy's positions located near at hand as well as the gruesome concrete wall, and acquainted himself with the terrain conditions of the southern side of the Military Demarcation Line. He met with soldiers on guard duty to review their working conditions, and encouraged them to reliably defend the forefront of the fatherland.

After looking around the outposts at the front, Comrade Kim Chong-il watched the training of the unit's soldiers. Comrade Kim Chong-il expressed his great satisfaction with the fact that the unit's soldiers have grown up as a matchless rank capable of destroying any strong enemy at a blow, doing so as a result of their efforts to constantly strengthen combat and political training while upholding the great leader's historic on-the-spot guidance that stressed the unit's soldiers should become brave one-is-a-match-for-100 fighters. He then highly assessed the results of the soldiers' struggle and presented programmatic tasks that serve as a guideline for further strengthening and developing the unit into an invincible revolutionary armed force.

Next, Comrade Kim Chong-il grasped in detail the living conditions of the unit's soldiers. Comrade Kim Chong-il visited the restaurant, the kitchen, the storage area, and the barracks to grasp the conditions of food

wrapping, food supply, and bedding. He expressed great satisfaction with the unit, which effectively conducts supply services for the soldiers and tenaciously manages the unit, following the anti-Japanese guerrillas unit, and said the commanders should always pay attention to the lives of the soldiers, and should possess great love for the soldiers.

Comrade Kim Chong-il visited the education room of the unit, saying it is very good for the unit to be well prepared and to have effectively managed the education room, which is important in the political and ideological indoctrination of the soldiers. He then stressed the need to continue concentrating great efforts on indoctrinating the soldiers.

Comrade Kim Chong-il said today's happy life of the unit's soldiers is the result of the benevolence of the fatherly leader [oboi suryongnim] who ensured that life-giving water was supplied to the top of the mountain, caring for the lives of the soldiers on Mt. Taedok, and warmly took care of them to remove even minor difficulties and inconvenience. He added that all the soldiers should forever bear the leader's [suryongnim] great love and consideration.

Comrade Kim Chong-il gave a machinegun, an automatic rifle, and field-glasses to the unit as souvenirs. He expressed the expectation and firm belief that the soldiers will display a high sense of responsibility and devotion in performing their guard duties on the front, being deeply aware of their mission as the guards who defend the post face to face with the enemy.

Supreme Commander Comrade Kim Chong-il posed for a photograph with the soldiers of the unit. All the soldiers at the guard post on Mt. Taedok, the homeland of "one-is-a-match-for-100," felt irresistible gratitude and happiness for the supreme commander comrade, who made every effort while unceasingly walking along the long way of on-the-spot guidance from the east front to the west, since he visited their guard post in person to give valuable teaching and to extend his boundless love and benevolence. They were filled with the burning resolution to defend the great general with their lives and to impregably fortify the fatherland's frontier by preparing themselves as brave fighters, upholding the slogan "one-is-a-match-for-100."

DPRK: Kim Chong-il's Writing Guides Farm Workers Union

962C0029A Pyongyang *NODONG SINMUN*
in Korean 14 Dec 95 p 3

[Article by Choe Song-suk: "A Programmatic Masterpiece Vividly Illuminating the Road Ahead for the Union of Agricultural Working People of Korea"]

[FBIS Translated Text] Today we are marking the 10th anniversary of the publication of "On Further Strengthening the Work of the Union of Agricultural Working People of Korea [UAWPK]," one of the great leader [yongdoja] Comrade Kim Chong-il's immortal works.

On this occasion all our UAWPK members are heartily mulling over the sagacious leadership of the respected and beloved Comrade Kim Chong-il, who has energetically led the struggle to strengthen and develop the UAWPK into a mass political organization of agricultural workers in keeping with the new, higher stage in the development of our revolution, the stage of converting our whole society to the *chuche* ideology.

The UAWPK is the mass political organization of socialist agricultural workers and the transmission belt connecting the party and the masses of agricultural workers. The union performs its function and role as an indoctrinator, organizer, and mobilizer in educating the masses of farmers, banding them tightly together around the party, and vigorously inspiring them to the struggle to accelerate socialist rural construction and increase agricultural production. Only when the UAWPK is strengthened is it possible to prepare the farmers in political-ideological terms so that they may firmly consolidate the base of our socialist rural community, further strengthen the leading force of our revolution, and bring our party's idea of rural construction into full bloom.

By publishing his immortal work on 14 December 1985, the great leader [yongdoja] Comrade Kim Chong-il illuminated the path to achieving a decisive turnaround in the work of the UAWPK in keeping with the demands of the developing realities in which the conversion of society to the *chuche* ideology was in progress, as well as the historical condition in which the struggle for implementing the theses on the socialist agrarian question was in a higher stage.

In this immortal work, the respected and beloved Comrade Kim Chong-il once again elucidated the mission and duty of the UAWPK as an organization charged with the ideological education of agricultural workers and as the transmission belt conveying the party's ideas, and comprehensively set forth the goals and tasks which

the UAWPK should grasp firmly in the new advanced stage of the revolution, along with the methods for attaining and accomplishing these goals and tasks.

The immortal work fully systemized our party's thought and theory on building a *chuche*-based revolutionary farmers' organization and vividly illuminated the true road to building the UAWPK as a reliable supporter and defender of the party faithfully following party ideology and leadership forever. That is why the immortal work shines brilliantly as the militant banner that has made it possible to fully safeguard the immortal achievements of the great leader in solving the question of the farmers and bring about an epochal turnaround in the work of UAWPK.

This past decade following the publication of the immortal work has shone as a glorious course that has witnessed the powerful demonstration of the greatness and validity of the respected and beloved Comrade Kim Chong-il's thought and policy on building the UAWPK and on its activities, and as the impressive annals of far-reaching changes that took place in the work of the UAWPK to strengthen the main force of our revolution and implement the party's ideas about rural construction and its farm policy.

The UAWPK has continually strengthened and developed as a *chuche*-based revolutionary mass organization, with its paramount principle governing its activities being obedience to party leadership. It is now discharging its mission and duty magnificently as a reliable supporter and defender of our party dedicated to organizing and mobilizing its members and other farm workers in the struggle to vigorously push forward in the countryside the three revolutions — ideological, technological, and cultural — and increase agricultural production. This feat represents a proud success scored in the struggle to implement the thought and policy set forth by the respected and beloved Comrade Kim Chong-il in his immortal work.

Our UAWPK organizations are now faced with the revolutionary task of consolidating still more, like bedrock, the wholehearted unity of the revolutionary force tightly banded together around the great leader [yongdoja] Comrade Kim Chong-il and of thoroughly implementing the programmatic tasks outlined in the great leader Comrade Kim Il-sung's historic message to the national agricultural conference last year so that it may brilliantly translate the theses on the agrarian question into practice and effect a new upturn in agricultural production. To prepare agricultural workers fully in political-ideological terms and bind them tightly together around the party is an important duty of the UAWPK, and to inspire agricultural workers to the

implementation of the theses on the agrarian question is a basic task for UAWPK organizations to grasp firmly.

The UAWPK needs to grasp the tasks outlined in the immortal work tightly as the guiding principle governing its activities and continue to implement it unflinchingly if it is to prepare its members and all other farm workers airtight as revolutionary fighters infinitely loyal to the respected and beloved Comrade Kim Chong-il by further improving and strengthening its work in keeping with the demands of the developing realities, and effect a new upturn in agricultural production by thoroughly implementing the last teachings of the great leader and the party's agricultural policy. It is the most important task for agricultural workers to vigorously carry on three revolutions, ideological, technological, and cultural, in the countryside as outlined by the respected and beloved Comrade Kim Chong-il.

The great leader [yongdoja] Comrade Kim Chong-il pointed out the following: "The most important thing in the work of the UAWPK is to vigorously push forward three revolutions, ideological, technological, and cultural, in the rural areas."

As a result of the vigorous prosecution of the ideological and cultural revolutions in the countryside under the wise leadership of the party, our agricultural workers have grown into reliable masters of the socialist countryside with a high level of ideological consciousness and creative ability. Also there have been shining victories in the rural technological revolution.

Our agricultural workers, armed airtight with our party's revolutionary ideology, the chuche ideology, and rallied closely around the party, are bolstering party leadership with loyalty while giving full play to their revolutionary fervor and creative positivism in the struggle for socialist rural construction as outlined in the theses on the socialist agrarian question.

The cultural level of the farmers, along with the level of their ideological consciousness, has improved markedly. There has also been a great change in the cultural living conditions of rural residents. Our agricultural workers have grown into socialist workers soundly prepared in political and ideological terms as well as in technological and cultural terms; and the historic tasks of the rural technological revolution as outlined in the theses on the agrarian question have been accomplished to all intents and purposes.

That we should solve the agrarian question once and for all by consolidating, expanding, and improving on the successes made in socialist rural construction in the past, was the last teaching of the great leader, and this is an honorable and rewarding undertaking to bring the

respected and beloved commander's ideas and desires into bloom.

In his immortal work, the respected and beloved Comrade Kim Chong-il, by elucidating the tasks arising in implementing the three revolutions in the countryside, clearly shows ways and means for UAWPK organizations to contribute positively to implementing the party line on three revolutions. It is important to soundly grasp the substance and methods of the ideological revolution, the goals and methods of the technological revolution, and the directions and tasks of the cultural revolution as outlined by the respected and beloved commander in his immortal work; wage the struggle to implement them in close conjunction with the movement to win the red flag of three revolutions; and orient all UAWPK activities toward the through prosecution of three revolutions.

When all UAWPK organizations accelerate organizational-political work to implement the party line on consummating three revolutions, with the thought presented in the immortal work as a guiding principle, it will become possible to achieve a signal victory in brilliantly implementing the theses on the agrarian question and further consolidate the base of our socialist rural community by thoroughly executing the programmatic tasks outlined in the great leader's message to the national agricultural conference last year.

To organize and mobilize agricultural workers in the struggle to increase agricultural production is one of the UAWPK's important duties. Only by tilling the soil well and continually increasing agricultural production is it possible to improve people's living standards and build socialism and communism successfully.

As instructed by the respected and beloved Comrade Kim Chong-il in his immortal work, UAWPK organizations in the past vigorously inspired agricultural workers to struggle to thoroughly implement the chuche farming method, increase the acreage of land under cultivation, and improve soil fertility. In particular, they vigorously waged various mass movements—such as the socialist emulation movement and the movement to create model machinist units—among agricultural workers, spurring them on to feed the flame of collective innovation in numerous units and vigorously launch into the struggle to implement the party's agricultural policy. Today our UAWPK is charged with the important duty of enhancing the responsibility and role of its organizations in the struggle to implement the tasks outlined in the immortal work. In his immortal work, the respected and beloved Comrade Kim Chong-il importantly stresses the need to carry out appropriate indoctrination.

triation work among UAWPK organizations so that they may educate agricultural workers to have a strong sense of self-awareness as masters in agricultural production and masters in cooperative farm management. In recent years, the respected and beloved Comrade Kim Chong-il provided further programmatic guiding principles for the UAWPK in conducting ideological indoctrination work among agricultural workers in a more substantive and active way so that they might utilize their role fully as the people in charge of agricultural production. When our UAWPK organizations actively contribute to increasing agricultural production as instructed by the respected and beloved commander and improving their function and role—as indoctrinator, organizer, and mobilizer—of vigorously inspiring agricultural workers to implement the party's agricultural policy, the UAWPK will be able to fulfill its mission and role magnificently as a reliable defender and supporter of the party on the road to realizing our party's idea and desire to solve the food problem of our people once and for all.

The ideas and policies outlined in the immortal work—such as those on conducting work with UAWPK members properly; fixing UAWPK organizations airtight and enhancing their function and role; thoroughly establishing the monolithic leadership system of the party in UAWPK organizations; improving the work method and style of UAWPK functionaries and definitely upgrading their level of performance—constitute the programmatic guiding principles that enable the UAWPK to fix itself airtight as a reliable transmission belt of the party and as a mass political organization inflexibly loyal to the party and the leader and preserve its revolutionary character to the end.

We will fix UAWPK organizations soundly as a brigade of *chuche* type revolutionary fighters infinitely loyal to the party and the leader, with a grip on the respected and beloved Comrade Kim Chong-il's thought and policy on building the UAWPK; consolidate the base of our socialist rural community still more solidly; and effect a new turnaround in implementing the party's agricultural policy by thoroughly executing the tasks outlined in the immortal work.

DPRK Party Leaders Laud Kim Chong-il as 'Symbol of Victory'

*SK2103045496 Pyongyang KCNA in English
0446 GMT 21 Mar 96*

["Comrade Kim Chong-il, Symbol of Victory" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 21 (KCNA) — Foreign visitors to Korea have highly praised the great leader Comrade Kim Chong-il.

Oleg Shenin, chairman of the Council of the Union of Communist Parties—the Communist Party of the Soviet Union, said: By studying ideology and theory of the great Comrade Kim Chong-il I came to have a firm faith in socialism.

The works of Comrade Kim Chong-il are an ideological and theoretical weapon to give confidence in victory to the people and to indicate the road of struggle.

Tani Baler Lopera, general secretary of the National Executive Committee of the Left Revolutionary Union of Peru, had this to say: To defend the socialist system of Korea and advance its cause is connected directly with the historical task of the world for socialist victory. Revolutionaries and communists of the whole world should hold the great leader Comrade Kim Chong-il in high esteem for the victory of the socialist cause.

Garib Newaz, president of the Bangladesh People's League, said: The progressive people of the world are highly praising the great Comrade Kim Chong-il as an outstanding leader of the cause of independence and entrusting their destinies to him.

Alva Chaves, director of the board of the international institute of the *chuche* idea, stressed: His excellency Kim Chong-il, an outstanding great man, is a hope of all of us and a symbol of victory, and victory and glory are always in store for the progressive humankind who vigorously advance for the accomplishment of the cause of independence, following him.

DPRK: WPK Marks 80th Founding Anniversary of Myongsin School

*SK2103043796 Pyongyang KCNA in English
0431 GMT 21 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 21 (KCNA) — Korea marked the 80th founding anniversary of Myongsin School, which was set up by Kim Hyong-chik, an indomitable revolutionary fighter and patriotic and revolutionary educator, on March 20, 1916.

Since its founding, the school has long established the tradition of patriotic national education. Before

the liberation, it inculcated the national soul and anti-Japanese patriotic idea among youths and children and vigorously carried on the education for ample knowledge, noble morality and strong body. After the liberation, it has trained a large number of revolutionary talents needed for the revolution and construction.

The school is located in Kangdong County, Pyongyang.

The Workers' Party of Korea (WPK) Central Committee sent a congratulatory message to the teachers and students of the school on its 80th founding anniversary.

The message highly appreciated the achievements of the teachers and students in the school work and expressed the belief that they would make bigger success in the education in the future, too, united in one mind around the great leader Comrade Kim Chong-il.

A meeting to mark the 80th founding anniversary of the school was held on the spot.

DPRK Daily Urges Implementation of Rural Theses
 SK2103054996 Pyongyang MINJU CHOSON
 in Korean 25 Feb 96 p 1

[Editorial: "Let Us Effect a Decisive Turn in Agricultural Production This Year By Thoroughly Implementing the Rural Theses"]

[FBIS Translated Text] This year marks the 32nd anniversary of the publication of the respected and beloved leader Comrade Kim Il-song's classic work "The Theses on the Socialist Rural Question in Our Country."

That the great leader Comrade Kim Il-song published the socialist rural theses by embodying the immortal *chuche* idea is a historic event that further encourages our people's socialist construction and which is marked as a milestone in socialist rural construction.

The great leader Comrade Kim Il-song taught: "The theses on the socialist rural question in our country are our party's program for building socialist rural communities, which is an embodiment of the *chuche* idea."

The theses on the socialist rural question are a program for building socialist rural communities that elucidates the future road for the ultimate solution of the rural question in our country. The theses provide a scientific elucidation of the direction, basic principles, and fundamental methods for solving the socialist rural question. With the publication of the theses, the road of industrializing and modernizing agriculture, of training farmers to be revolutionaries and of assimilating them into the working class, and of building rural communities as

a prosperous and cultured socialist paradise have been clearly elucidated.

The road traversed by our party and people under the banner of the socialist rural theses for 30 years has been the road of arduous struggle, and yet a road of glorious victory. Under the leadership of our party, our agricultural workers and all other people have vigorously advanced along the road of building socialist rural communities as indicated by the rural theses, doing so without the slightest vacillation and in spite of many difficulties and trials.

Our party's correct leadership, the powerful urban support for the countryside, and the devoted struggle of the agricultural workers have resulted in great success in the implementation of the socialist rural theses, and thus the look of rural areas has changed beyond recognition.

All the accomplishments achieved during the course of implementing the socialist rural theses are a demonstration of the justness and superiority of the theses as a program of building rural communities as well as a confirmation of our party's wise leadership which concentrated great efforts on solving rural problems.

The respected and beloved leader Comrade Kim Il-song gave a clear answer to all the questions arising in developing and consolidating the socialist rural economy during each stage and during each period of the revolution and construction; wisely led the struggle for the development of agricultural productivity; and gave on-the-spot guidance to rural areas across the country until the last moment of his life in order to lead our functionaries and agricultural workers to the implementation of the rural theses.

The great leader [widaehan yongdoja] Comrade Kim Chong-il has wisely led our attempts to actively push ahead with the three revolutions — ideological, technical, and cultural — in rural communities and has organized and mobilized the entire party, the entire state, and all the people to implement the rural theses in conformity with our country's concrete situation and the realistic demand of socialist construction. As a result, he has brilliantly realized the fatherly leader's grand plan to build rural communities. Because our party, which is equipped with excellent leadership and organization ability, leads at the forefront, we have now reached the high peak on which we can look forward to the ultimate solution of the rural question and can achieve brilliant victory in implementing the rural theses.

We are now faced with the honorable task of finally solving the rural question by following up the success we have achieved in our efforts to implement the socialist rural theses.

Effecting upsurges in agricultural production by thoroughly implementing the rural theses is a glorious task to defend, adhere to, and glorify our own style of socialism, which is advancing under the revolutionary banner of *chuche*, as well as a worthwhile task to demonstrate its invincible might and the superiority of socialism as a science and to strengthen its attraction.

All functionaries and workers should effect new miracles and innovations in agricultural production by thoroughly implementing the tasks set forth in the theses, and should have a firm grip on the socialist rural theses whose superiority and vitality have been confirmed through their experiences.

What is most important here is having a firm faith in the justness and vitality of the rural theses.

The socialist rural theses are a revolutionary banner which displays the superiority of the socialist rural economic system to the maximum and which enables the principles and methods of socialism to be thoroughly embodied in building rural communities. Cherishing deep in our hearts the great pride of having the most correct program of socialist rural construction, we should solve all problems arising in building rural communities only in conformity with the ideas and intentions set forth in the rural theses. With the firm belief that our rural theses and our party's lines and policies are the best, and with the iron determination that we will unfailingly prevail when we follow the road the rural theses have indicated, we should solve everything the way our rural theses have indicated, and should not vacillate along the road of its implementation. Because we have the might of singlehearted unity around the party, and because there is a solid basis for an independent national economy whose pillars are the *chuche* industry and which is a milestone for the construction of rural communities, we can effect upsurges and make endless advances in this year's agricultural production and the construction of socialist rural communities if we struggle with confidence and optimism that we can easily solve any problems.

In order to effect a decisive turn in this year's agricultural production by thoroughly implementing the socialist rural theses, the enthusiasm and creative positiveness of agricultural workers should be highly aroused.

Agricultural workers are directly responsible for agricultural production, and the success of agricultural production depends on how their revolutionary enthusiasm and creative positiveness are displayed.

We should firmly arm agricultural workers with not only our party's revolutionary ideas but also the *chuche* idea, and should vigorously wage various types of

ideological indoctrination work to enhance their self-awareness that they are the masters of agricultural production and the owners of the land in conformity with the party's slogan that "the farm's fields are my fields." Along with this, political work and work with people should be intensified among the broad masses of agricultural workers and should be organized down to the detail in order to arouse the masses to agricultural production, thus reflecting their upsurged enthusiasm in actual agricultural productivity. Thus, all agricultural workers should deeply recognize that their worthwhile life and happiness lies in the prosperity of socialist rural communities and the development of the socialist fatherland, and should highly display their patriotic enthusiasm and devotedness in building socialist rural communities.

In order to effect a decisive turn in this year's agricultural production by thoroughly implementing the socialist rural theses, we should also unremittingly carry forward the task of the rural technical revolution set forth by the party.

The rural technical revolution is an important task to lay firm material and technical foundation for modern farming. Thoroughly implementing the task of technical revolution is a decisive guarantee to achieve the development of agricultural productive forces. By consolidating and developing the successes that have already been attained in implementing the rural technical revolution, we should create new miracles and feats in agricultural production and should enhance our country's modernization onto a high level.

Functionaries and working people should effectively manage and utilize the material and technical means that have been prepared in the rural economic sector, raise the level of the comprehensive mechanization of agriculture and the application of chemical means to the rural economy, and develop the agricultural science, thus expanding the successes registered in the technical revolution in rural areas. We should concentrate our efforts on the work to increase fertility and guarantee the materials for seedbeds which are important in this year's farming preparations and should carry out all farming works scientifically and technically in conformity with the *chuche* farming method. Thereby, we should effect a decisive turn in agricultural production.

The role of agricultural guidance organs is important in increasing agricultural production.

The county cooperative farm management committee and other agricultural guidance organs should establish a well-organized system of technical guidance and give guidance to all process of agricultural production in accordance with the *chuche*-type farming method in

a scientific and technical manner, and manage state complexes serving for agricultural economy so that they can play a bigger role in agricultural production of cooperative farms.

The state planning institutions and the agricultural guidance organs should work out an accurate, well-coordinated plan of material supply and technical assistance for the rural economy, and supply all the farming equipment and materials in a timely fashion as planned. Thereby, they must make strenuous efforts to save manpower to the maximum, make rational use of the farming equipment and materials, and increase the economic effectiveness of production.

It is also important to further step up assistance to rural areas onto a new high stage in conformity with the development of realistic demand. All the industrial sectors must give active material and technical assistance to agriculture as required by the agriculture-first policy of our party and on a preferential basis to produce fuel, power, equipment and materials necessary for agricultural production and rural construction.

All functionaries and working people should firmly rally around the great leader [yongdoja] Comrade Kim Chong-il and thoroughly implement the tasks set forth in the socialist rural theses. Thereby, they should effect a new turn in this year's agricultural production and actively dedicate to unremittingly demonstrating the superiority and vitality of the our-own-style socialism.

DPRK: 'Noble Morality' Possible Only in Socialist Society

SK2003130996 *Pyongyang KCNA in English*
1035 GMT 20 Mar 96

["NODONG SINMUN Says Genuine Morality Cannot Develop in Exploiter Society" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, March 20 (KCNA)* — It is inevitable that corrupt and depraved capitalism becomes all the more immoral, uncivilized and inhuman, doomed to collapse, says NODONG SINMUN in an article today.

Genuine, progressive morality of the people, incompatible with the nature of the bourgeois system and bourgeois morality, cannot develop in capitalist society where the state power is in the possession of the bourgeoisie, privileged circles, and only politics and policies for them are available, the daily says, and continues:

In capitalist society based on extreme egoism, the exploiting class only seeks fabulous profits, accumulation of wealth and avarice. They deceive the people into the believing that all activities for private ownership favor-

ing them, individual interests, comfort and distinction are moral and other things contrary to them are immoral.

The imperialists and the mouthpieces of bourgeoisie are calling for "liberty," "democracy" and "exercise of moral rights." Their hypocritical call, however, is nothing but a trick to curb the development of genuine morality, beautify their anti-people administration and foster bourgeois morality.

Noble morality can be developed and brought into full play only in the genuine society of the people, socialist society where the masses of the people are the masters of the state and society and everything serves them.

In capitalist society, those affected by misanthropy and jungle-law consider it to be natural, indispensable mode of existence to seek their individual interests and fame in such a way as insulting, mistreating and sacrificing other people.

It is illustrated by the fact that an average of two million violent crimes are reported every year in the United States, claiming six million lives.

In a word, genuine, sound morality cannot be developed and brought into full play in exploiter society based on inhuman, unconscionable and immoral social relations.

South Korea

ROK, U.S. Agree To Move Camp Hialeah Out of City of Pusan

SK2103040796 *Seoul THE KOREA TIMES in English*
21 Mar 96 p 1

[Report by staff reporter O Yong-chin]

[FBIS Transcribed Text] Korea and United States have agreed to move Camp Hialeah, the U.S. military base in Pusan, out of the southern port city by the early 2000s in stages.

A government source said yesterday that 50,000 pyong or 165,000 square meters of the 170,000-pyong base will be vacated by June 1999 so that an athletes' village can be built there for the 2002 Asian Games that is to be held in the nation's largest port city.

A civil movement to remove the U.S. base out of the city is gaining momentum under the initiatives of civil groups and student activists, who are seeking to put the issue on the top of agenda for the April 11 general elections.

United States Forces Korea [USFK] had not been in favor of the relocation in negotiations with Yongsan Relocation Office at the Defense Ministry. As recently

as late last year, USFK Commander Gen. Gary Luck personally showed reservations toward it.

"But Camp Hialeah will be fully vacated and relocated by after 2002," the source said. "An alternative site for the base is likely to be the outskirts of Pusan near Kimhae International Airport."

The source, who asked to remain unidentified, said that a Letter of Agreement [LOA] on the camp relocation will be signed by the Foreign Ministry and USFK officials this week. Also to be included in the LOA is the agreement by Pusan to pay the 80 million won needed to conduct a geological test of the alternative site. The size of the new camp and the moving expenses will be decided later through bilateral negotiations on the basis of a blueprint the U.S. side has yet to come up with.

"I understand that Gen. Gary Luck, however, pushed the idea of relocating the base this time," the source said, commenting on the USFK's sudden turnabout on the issue. Some interpreted the aim of the general as being to prevent popular criticism should the base relocation issue hinder the scheduled Asian Games.

It is said that USFK initially raised objections over the new site proposed for the camp because its geological structure is too weak, demanding that the land be artificially strengthened.

Judging from the decision which was not followed through to relocate the U.S. base in Yongsan, Seoul, there still exists the possibility of the Camp Hialeah relocation also being ditched at the last moment. The relocation of the Yongsan U.S. base was put on hold indefinitely as the U.S. demanded trillions of won as moving expenses.

The same thing may happen to the relocation of Camp Hialeah, according to government officials. An initial estimate put the moving expenses at 400 to 600 billion won (\$12 to 770 million dollars). Some are concerned that Pusan might not be able to raise the money.

ROK: 'Secret Document' Shows U.S. Awareness of Coup Plans

*SK2103134896 Seoul MBC Television Network
in Korean 1200 GMT 21 Mar 96*

[FBIS Translated Text] A U.S. secret document exclusively obtained by MBC contains a surprising fact. In the spring of 1980, the ROK military reportedly expressed its firm position that a coup d'etat would have been inevitable if either Kim Yong-sam or Kim Tae-chung won the presidential election. Yi In-yong reports from Washington:

[Begin Yi recording] The secret wire message of the U.S. Embassy in Seoul analyzing the situation in the spring of 1980 already reported to the U.S. Government the new military elites' intention to stage a coup d'etat. U.S. Ambassador Gleysteen's secret message to the State Department dated 13 March reported that the ROK military explicitly planned to stop the rule of either Kim Yong-sam or Kim Tae-chung. According to the message, a considerable number of ROK military leaders expressed their position to prevent the rule of either Kim prior to the presidential election, and had this been impossible, they planned to stage a coup d'etat after the election.

Ambassador Gleysteen cautiously concluded: The ROK military may not be able to stop the election itself, but it may use political manipulation to reduce the possibility of the New Democratic Party winning the election. If the New Democratic Party nevertheless wins, the military will have no choice but to allow the new regime some more time to verify its ability. In any case, the threat of military involvement will remain a factor blocking the ROK's political development.

The secret message predicted that General Chon Tu-hwan, who had already emerged as the leader of the new military elites, could abuse his power in the election or could be satisfied as a behind-the-scenes controller of a civilian leader who submitted to Chon. The message reported that General Chon Tu-hwan would obviously become the biggest headache for the United States.

The 13 March secret message indicates that the United States was aware of the ROK military's coup d'etat plan, but deemed it unlikely. The U.S. judgment led to the subsequent approval of the ROK military's bloody suppression in Kwangju and the eventual recognition of the new regime. This has been Yi In-yong reporting from Washington for MBC News. [end recording]

The truth of history is being revealed in succession. The three former presidents should not cloud the truth any longer. This will be their final responsibility before history and the people.

ROK Papers on Winston Lord's Remarks at U.S. Congress Hearings

SK2103145796

[FBIS Report] The following is a compilation of an article and editorial from ROK vernacular newspapers published on 21 March, reacting to the remarks of Winston Lord, U.S. assistant secretary of state for East Asia and Pacific Affairs, made at the U.S. Congress Asia-Pacific Subcommittee hearings on 19 March.

The conservative CHOSON ILBO carries a 600-word article by Kim Chang-kyun in Washington entitled: "Confusion in the ROK-U.S. Alliance." The article reports that Winston Lord maintained his good humor at the 19 March hearings until he was asked about the ROK news reports on discord between the ROK and U.S. Governments. Lord reportedly became very agitated by the question, and replied: "All countries have trouble with the press, but the negative ROK news reports on ROK-U.S. relations are discouraging." The article continues to report that "Lord used such direct expressions as 'incorrect' and 'confusion-causing' reports in his criticism on the ROK press." The article also quotes Lord's remarks blaming the ROK Government for causing false reports on the ROK-U.S. discord over food aid to North Korea by not giving correct information. The article comments that Lord's assertion is true to some extent, but "the ROK's paranoia stems from the Geneva agreement, which the United States hastily signed to win the nuclear freeze of North Korea, without sufficiently considering the ROK's position." The article states that "the reiterated denial of discord between the ROK and the United States paradoxically proves the unsmooth reality." The article concludes by stating: "The improvement of U.S.-North Korean relations requires a 10-year timetable, but the tuning of ROK-U.S. relations is urgent."

The pro-government SEOUL SINMUN carries on page 3 a 700-word editorial entitled "We Again Question the U.S. Assessment of North Korea." The editorial states the recent U.S. approach toward North Korea is "confusing," citing Winston Lord's remarks at the 19 March hearings expressing concerns over North Korea's arms exports, which he defined as "one of the most urgent issues in U.S.-North Korean relations," versus the exclusion of North Korea from the U.S. list of outlaw states as defined in the U.S. Administration's 1996/97 budget bill submitted to the Congress on the same day. Noting the weight of Lord's position and the U.S. Administration budget bill, the editorial states: "We hope such confusion of the U.S. policy was simply a mistake." The editorial urges the United States to make a definite assessment of North Korea.

ROK: KEDO Commmissions KEPCO Prime Reactor Contractor

SK2103003396 Seoul YONHAP in English
0027 GMT 21 Mar 96

[FBIS Transcribed Text] New York, March 20 (YONHAP) — The Korea Peninsula Energy Development Organization (KEDO) and the Korea Electric Power Corp. (KEPCO) signed an agreement Wednesday [20 March] commissioning the latter as the prime contrac-

tor for the light-water nuclear reactor project in North Korea.

The agreement was signed by KEDO Secretary General Stephen Bosworth and KEPCO President Yi Chong-hun. On hand were the South Korean, U.S. and Japanese executive directors of KEDO and interested KEDO and South Korean officials.

KEPCO is set to conclude a commercial contract with KEDO.

The state-run corporation, meanwhile, plans to send a socio-environmental survey team to the Kumho area in Sinpo on the east coast of North Korea, which is almost certainly going to be the construction site for the nuclear power plant.

KEDO will make its final decision about where the two 1,000-megawatt light-water reactors will be built after an environmental survey is completed next month.

Four KEDO survey teams have conducted geological and other surveys in the Kumho area.

ROK: IAEA Board of Governors' Meeting Urges DPRK Cooperation

SK2103031196 Seoul KBS-1 Radio Network
in Korean 2300 GMT 20 Mar 96

[FBIS Translated Text] The 35 countries attending the International Atomic Energy Agency [IAEA] Board of Governors' meeting reconfirmed the validity of North Korea's nuclear agreement and strongly urged North Korea to cooperate in preserving information related to clarifying past nuclear development.

The following is a report by correspondent Cha Mansun from Vienna:

[Begin Cha recording] After discussion of North Korea's nuclear issue as an independent agenda item, the IAEA Board of Governors' meeting adopted chairman's minutes urging North Korea to sincerely implement the responsibilities of the nuclear agreement and to cooperate completely with the IAEA.

In the chairman's minutes, the IAEA Board of Governors' meeting expressed regret over the fact that North Korea has not abided by the nuclear agreement in spite of its validity. It also emphasized the urgency of preserving information related to clarifying past nuclear development.

Prior to adopting the chairman's minutes, most of the member countries of the IAEA Board of Governors meeting expressed deep concern over IAEA Secretary General Hans Blix's report that if North Korea does not take measures to preserve information soon, the

opportunity to clarify past nuclear development, may be lost.

Ambassador Yi Sung-kon [name as transliterated], the ROK delegate, warned that if ordinary inspection [tongsang sachal] and ad hoc inspection [imsai sachal] are not carried out on all nuclear facilities including the frozen nuclear facilities, international society will no longer tolerate North Korea.

In particular, Ambassador Yi Sung-kon proposed to the secretary general that a timetable be drawn up on resolving pending issues with North Korea, and requested that alternative measures be considered if the timetable is not adhered to.

Delegates of the United States, Russia, and Australia urged North Korea to cooperate completely so that pending issues between the IAEA and North Korea, such as the measurement of plutonium in the spent fuel rods, can be solved soon. [end recording]

DPRK Defector: 300 High-Ranking KPA Officers Executed

SK2103071196 Seoul CHUNGANG ILBO in Korean
21 Mar 96 p 10

[Report by reporter Yun Sok-chin]

[FBIS Translated Text] A shocking fact was recently revealed. Between October 1992 to June 1994, North Korea arrested and executed some 300 high-ranking military officers who had studied in the Soviet Union on charges of plotting a coup d'etat.

According to Choe Chu-hwal (47), a former colonel in the North Korean People's Army (KPA), in an exclusive interview with the April edition of the monthly magazine WIN, the first such interview since he defected to the ROK in September of last year: "In accordance with Kim Chong-il's order to purge all officers, except for Air Force pilots, approximately 300 out of nearly 370 high-ranking military officers, including generals who had studied since 1985 at military colleges in the former Soviet Union, among them the Frunze Military College, were all arrested step by step beginning in October 1992 and then executed. In addition, their families were sent to concentration camps."

Choe explained: "While the former Soviet Union assisted North Korea in modernizing its military in the late 1980's, they conducted secret maneuvers to form a pro-Soviet Union organization within the military. This was exposed right after the collapse of the Soviet Union, and thus the conspiracy was exposed during its plotting stage." Choe revealed that among those who executed were many high-ranking generals, including Colonel General Hong Kye-song, deputy chief of the General

Staff of the KPA; Major General Kang Un-yong, head of the Third Department of the Operational Bureau of the Ministry of People's Armed Forces; and Major General Kim Hak-san, the director of the Foreign Affairs Bureau of the Ministry of People's Armed Forces.

Colonel General Hong Kye-song, whose wife was the granddaughter of Choe Hyon (who died in 1982) who once served as minister of the People's Armed Forces in 1972 and was a member of the anti-Japanese guerrillas, and Major General Kang Un-yong, who was in charge of the First, Second, Fourth, and Fifth "Front Corps" dispatched to the foremost fronts of North Korea, all attended the "Wateralov [name as transliterated] Military Academy" which is directly affiliated to the armed General Staff of the former Soviet Union. They were all core elites within the North Korean military, but were still purged.

Choe added: "The reason Air Force pilots were excluded from execution was that Cho Myong-nok, director of the General Political Bureau of the Ministry of People's Armed Forces, and Won Ung-hui, director of the Security Bureau of the Ministry of the People's Armed Forces, persuaded Kim Chong-il that 'the military strength of the Air Force would be paralyzed.'" Choe added: "Currently, the KPA command has been filled by Kim Chong-il's direct confidants, including Kim Yong-chun, chief of the General Staff of the KPA, and Cho Myong-nok, director of the General Political Bureau of the Ministry of People's Armed Forces. Among them, the real powers receiving the most trust from Kim Chong-il are Won Ung-hui, director of the Security Bureau of the Ministry of People's Armed Forces; Kim Myong-kuk, director of the Operational Bureau; Pak Chae-kyong, director of the Propaganda Bureau of the General Staff; and Chang Song-u, head of the Third Corps."

When there existed a fierce struggle between O Chin-u, minister of People's Armed Forces, and O Kuk-yol, chief of the General Staff, as regards who would grasp real military power in 1987, they were all accused of belonging to the O Kuk-yol faction and were purged, but they were reinstated by Kim Chong-il following the deaths of Kim Il-song and O Chin-u.

Apart from some views, Choe said Kim Chong-il has taken complete control of the military. Since he is fluent in Russian, Choe served as interpreter for North Korean military leaders over the past 10 years.

ROK Ex-Student Leader Arrested for Pro-DPRK Activities

SK2003114996 Seoul YONHAP in English
1046 GMT 20 Mar 96

[FBIS Transcribed Text] Kwangju, March 20 (YONHAP) — The prosecution here placed under arrest a former student leader who had been on a wanted list for many years in connection with his alleged pro-North Korean activities.

He was Song Chis-bwan, 29, of Im-tong, Kwangju, and one-time chairman of Namchongayon (Federation of Kwangju and South Cholla Province Student Councils).

Song, against whom an arrest warrant had been issued beforehand, is under the suspicion he raised the North Korean flag during a rally held in May 1992 to mark the inauguration of the 1st Namchongron he headed.

He is also accused of unlawfully exchanging facsimile messages with the North Korean student committee four times from January through April 1992.

In another alleged pro-Pyongyang act, he, while being a fugitive, opened a memorial altar at the student hall of Chosnam University for North Korea's Kim Il-sung upon his death in July 1994.

Song was caught in a check by the Seoul Subway Police at the Wangsimni Station of Seoul Subway No. 2 Monday evening.

ROK: UNHRA Expects 'No Sudden Political Change' in DPRK

SK2103015996 Seoul KBS-1 Radio Network
in Korean 2300 GMT 20 Mar 96

[FBIS Translated Text] (Mardesen), the head of the United Nations Department of Humanitarian Affairs (UNHRA) delegation which is visiting North Korea, revealed that due to the floods last summer, North Korea is suffering from serious food shortages, but predicts there will be no sudden political change or no danger of collapse of its system.

(Mardesen), who visited North Korea for five months beginning in October last year, pointed out that up until harvest time, which is in October, North Korea needs one million tonnes of provisions to endure its food shortage.

ROK: PRC Ship of Rice Aid to DPRK Sinks in Taiwan Strait

SK2103032696 Seoul KBS-1 Radio Network
in Korean 2300 GMT 20 Mar 96

[FBIS Translated Text] A PRC vessel that was carrying UN rice aid bound for North Korea sank in the Taiwan

Strait due to a severe storm, leaving 15 crew members missing.

The UN World Food Program (WFP) said the 2,800-ton freighter Chengda, which the United Nations chartered to deliver the rice to North Korea, sank during a voyage in the stormy Taiwan Strait, and that nine of the ship's crew members were rescued.

The sunken Chengda set sail from Bangkok on 11 March loaded with 6,500 tonnes of rice provided by the United States, Switzerland, Australia, and the Vatican; it was supposed to arrive at the North Korean port of Nampo on 23 March.

Trever Page, director of the WFP's Pyongyang office, said the relief rice that sank on 20 March was enough to feed 720,000 North Korean residents for about a month. Page said North Korea needs one million tonnes of rice to sustain itself until the harvest this fall, and expressed concern that the North Korean food situation is very serious at present.

Director Page said the WFP's rice aid will continue for several months into the future, adding he does not anticipate a major rebellion in North Korea as a result of the food shortages.

Taiwanese officials said that although Taiwanese naval vessels are engaged in rescue operations for the sunken freighter in the area of the PRC military exercises, the rescue operation is experiencing difficulty due to bad weather.

Taiwanese officials said the ship for which the rescue operation was being conducted was the Chengda chartered by the WFP.

ROK: U.S. on Replacing Rice Shipment Lost on Sunken Ship

SK2103021396 Seoul YONHAP in English
0200 GMT 21 Mar 96

[FBIS Transcribed Text] Washington, March 21 (YONHAP) — The World Food Program (WFP) will be able to send new rice shipment quickly to North Korea to replace the one carried by the Chinese freighter which sank during a storm in the Taiwan Strait Tuesday (19 March), U.S. State Dept. Spokesman Glyn Davies said Wednesday.

The 2,819-ton MC Chengda, the carrier of the second WFP flood relief rice shipment for the hunger-stricken nation was insured, he added. Davies said that the some 2 million U.S. dollars worth of rice had been included in the shipment.

White House Press Advisor David Johnson told foreign correspondents here that Washington is doing all it

can to assist the WFP in collecting the insurance and purchasing rice.

ROK Citizens in Yanji 'Fearful' of Abduction by DPRK

*SK2103102996 Seoul TONG-A ILBO in Korean
20 Mar 96 pp 1, 2*

[First dispatch of report by reporters Hwang Ho-tack and Pak Nam-chong from Yanji: "South Korean Citizens Staying in Yanji Fearful of Abduction by North Korea"]

[FBIS Translated Text] Tension is mounting among the ROK citizens staying in Yanji and Dandong, an area bordering with North Korea, while the ROK Embassy in China on 18 March urged the ROK citizens in China to take precautions against the North Korean retaliation, such as abduction, against South Korean citizens in China in the wake of Song Hye-rim's reported disappearance into the West.

Cho Hung-yon, chairman of the Yanji ROK Company, an association of the ROK businessmen who invested in Yanji, said that he had received a phone call from the ROK Embassy in Beijing on 18 March, which asked him to convey the message to the ROK citizens in the area that they should take particular precautions for their personal security. Chairman Cho stayed up late that night to telephone about 70 ROK businesses and homes in the area to convey the message from the ROK Embassy.

In particular, a Miss Kim (14, a sixth-grade elementary school girl), a daughter of a Chinese resident of North Korean nationality, made investigative visits to the ROK citizens' houses in the area claiming that she was a "flower-bud reporter" from the Yanbian Television Service children's program. This report is adding to the worries of the ROK citizens there.

Miss Kim visited the ROK citizens' houses a flower-bud reporter of the Yanbian Television Service and elicited information on their telephone numbers and personal data of the families. Feeling suspicious of her, an ROK citizen residing in Yanji searched her pockets and found the telephone numbers of the North Korean agents and the personal data of some 10 ROK citizens' houses.

The Yanji ROK Company reported this to the ROK Embassy in Beijing, and the security agency of the Yanbian Korean Autonomous Prefecture is investigating the case. An ROK citizen residing in Yanji said, "an unconfirmed report prevails that North Korea has dispatched three teams of a special operations unit to the Yanbian area, adding to the anxiety felt by the Yanji-

resident ROK citizens, and the ROK citizens there never go out at night."

Choe In-hwan, president of Dayan Zhongxin Corporation, a company invested by Daewoo Construction Co., said, "I asked the staff members who came from Seoul not to go out alone late at night and return home early." He stated in a worrying manner, "The ROK citizens staying in Yanji are left in an unprotected state with no practical countermeasures, therefore, not going out alone late at night and returning home early are the only measure we can do."

A president of a small business staying in Yanji said, "I wish inter-Korean relations would improve soon so that the ROK citizens in China can concentrate only on business."

About 850 ROK citizens are staying in the Yanbian Korean Autonomous Prefecture; 150 professors and their family members of the Yanbian Science and Technology College; about 30 staff members and their families of the Yanbian Sailors' School; staff members of about 380 ROK businesses, including Kabul Spinning, Hansin Kongyong, and Daewoo; and some 200 students studying in this area.

In the Dandong area, which borders with Sinuiju across the Yalu River, the ROK citizens residing in this area on a long-term basis, such as businessmen, antique shop owners, and religionists, are rapidly increasing.

In Yanji, where Pastor An Sung-un from the Full Gospel Church was abducted to the North in July last year, Mr. Kim Yong-chin, (49, resident of Tongduchon, Kyonggi Province), owner of the Minan Restaurant, was killed in January with a sharp knife on the stairs of the fifth floor of the apartment he lived. The police of the Yanbian Korean Autonomous Prefecture are investigating the case focusing on the possibility that he was murdered for revenge or by a North Korean agent in view of the fact that no money or other valuables were stolen. However, the murderer is still at large.

ROK, PRC Discuss DPRK Threats To South Koreans in PRC

*SK2003135296 Seoul KBS-1 Television Network
in Korean 1205 GMT 20 Mar 96*

[FBIS Translated Text] It is likely that the ROK and China will start talks on drawing up boundaries for their respective exclusive economic zones in the latter half of this year at the latest. Beijing-based correspondent Yi Yon-chu has more:

[Begin Yi recording] PRC Foreign Minister Qian Qichen began the talks with his ROK counterpart,

Kong No-myong, by stating that China will not complete its plan on exclusive economic zones until the latter half of this year. In response, Foreign Minister Kong No-myong proposed that a fishery agreement be signed at an early date to prevent illegal fishing by Chinese boats in ROK territorial waters. Accordingly, the two countries agreed to start negotiations on the exclusive economic zones beginning in the latter half of this year at the latest.

During today's talks, Foreign Minister Kong No-myong reminded his PRC counterpart of an intelligence report that North Korea is attempting to assault and kidnap South Koreans living in China, and called for special steps by the PRC Government to protect the safety of South Koreans living in China. In addition, he delivered the government's position that the tensions across the Taiwan Strait are not helpful to stability in Northeast Asia, and expressed the hope that the issue will be settled peacefully as soon as possible. Regarding this, PRC Foreign Minister Qian Qichen promised that China guarantees the safety of South Koreans residing in China and of South Korean tourists.

The two sides again expressed their position opposing North Korea's recent proposal on signing a tentative agreement.

This has been Yi Yon-chu reporting from the Diaoyutai State Guesthouse in Beijing. [end recording]

**ROK Editorial Warns Against 'Complacency'
Regarding DPRK**

*SK2103020996 Seoul THE KOREA HERALD
in English 21 Mar 96 p 6*

[Editorial: "A Strike in Desperation"]

[FBIS Transcribed Text] The current crisis in the Taiwan Strait caused by China's saber rattling amply demonstrated the vulnerability of the security conditions in East Asia that is yet to rid itself of the legacies of ideological and military confrontations from the Cold War period. It gave a grim reminder to South Koreans taking the present state of precarious peace on the Korean Peninsula for granted. Similar complacency was notable even among some Taiwanese, but it is much more pronounced here.

The latest statement made by Gen. Gary Luck, commander of U.S. Forces in Korea, that North Korea's disintegration was not a question of if but when — and whether its threat to a military strike south sounds convincing, although it was not entirely new. He told the U.S. House of Representatives National Security Subcommittee last week that as we watch the worsening economic situation and the severe food shortage develop

in the North, the question is not will Pyongyang disintegrate, but rather how will it disintegrate, by implosion or explosion — and when.

The general based his concern about volatility on the movement of a massive force of over a million men and weapons to the Demilitarized Zone. We have good reason to share his worry that in a very short period, North Korea will either collapse or take aggressive actions against the South in a desperate attempt to divert attention from its internal trouble.

Not long ago, U.S. Central Intelligence Agency Director John Deutch told a U.S. Senate panel to the same effect that political and economic circumstances continue to deteriorate in North Korea, and a collapse of the hard-line regime is quite possible, although he was not sure whether this would happen in a peaceful or a violent manner. From all accounts, Pyongyang's provocative rhetoric and actions have lately become more threatening and unpredictable.

There is a school of wishful and dovish thinkers who might argue otherwise. Here in Korea, no definite assessment exists either among scholars or officials, reducing Seoul's policy toward Pyongyang and the future prospects of Korean unification to anybody's guess. For the uncertainty and lack of decision, they are not wholly to blame because North Koreans have kept their borders and all other outlets of information completely sealed.

In spite of the reclusiveness, secrecy and defiance of North Korea, more needs to be done to produce a more accurate picture of the captive part of the country. A clearer assessment of the situation in the North should translate into coherent policymaking and bolstering the preparedness of the South for any contingency to be created by the North — either peaceful or violent.

The effusion of variegated policy pronouncements and campaign promises being thrown about by those political parties and their candidates running for the upcoming general elections is impressive in their omission or neglect of concrete and responsible planks and programs concerning inter-Korean relations and the outlook on Korean unification. In their effort to cater to the immediate and myopic needs and tastes of the electorates, these politicians and officials seem to be paying little heed to the important national concern of the day. How should and could we get ready for a possible invasion from the North? How should we deal with North Koreans on matters of food aid or nuclear arms development? What must we do to prepare for the confusion and burden to arise from an abrupt collapse of the Pyongyang regime? What should Seoul's foreign policies be like

regarding Russia and China with reference to the possible military adventure or crumbling of North Korea?

These are among the major questions for which our pundits and leaders should provide sound answers in good time. Looking the other way from these sensitive and vital issues affecting the survival and security of the nation would be a height of untrustworthiness and dereliction on the part of our political and government leaders. The security landscape in this part of the earth is threatening enough to put Korea on its constant guard.

ROK: PRC Vows To Contribute to Peace on Korean Peninsula

*SK2103125796 Seoul YONHAP in English
1245 GMT 21 Mar 96*

[FBIS Transcribed Text] Beijing, March 21 (YONHAP) — China has pledged to contribute to peace and stability on the Korean peninsula, South Korean Foreign Minister Kong No-myong, now on an official visit to Beijing, said here Thursday.

While meeting with Korean correspondents, Minister Kong said he made it clear before Chinese leaders that South Korea adheres to the "one China" principle.

He said that during his talks with Chinese Foreign Minister Qian Qichen, he stressed the Taiwan Strait question should be resolved peacefully through dialogue.

"In this connection, I noted that tension between China and Taiwan is harmful to peace and stability in east Asia," Kong said.

The minister said that when he met Premier Li Peng Thursday afternoon, the Chinese premier, stating peace and stability on the Korean peninsula is important to the economic development of China, pledged China would contribute to peace and stability on the Korean peninsula.

The Chinese leaders he met also disclosed the view that proper assistance to North Korea would be necessary for stability on the Korean peninsula, noting North Korea is suffering a serious food shortage coupled with overall economic difficulties, Kong said.

ROK: Korea Gas Corp. Buys 5% Stake in Oman LNG

*SK2103042896 Seoul THE KOREA HERALD
in English 21 Mar 96 p 8*

[FBIS Transcribed Text] Korea will participate in a multinational gas company based in the Middle East, by taking a 5 percent stake, the state-invested Korea Gas Corp. (KGC) said yesterday.

Other participants in the gas company, named Oman LNG, include the Omani government, with an equity stake of 51 percent, Royal Dutch Shell (29 percent) and three Japanese general trading companies, each holding a 3 percent stake.

As the company is capitalized at \$1 billion, Korea's actual capital contribution will amount to \$50 million, the KGC said.

At stake is the \$5-billion project to be undertaken by the multilateral gas firms, including \$1.5 billion for developing gas fields and \$3.5-billion for building liquefying facilities for natural gas, KGC officials said.

The preliminary screening for the facility construction is under way, the officials said. Fifteen consortia have applied for the project and the Omani government plans to send letters of invitation for the bidding to eight of them, they added.

Only two Korean companies are included among the eight consortia and the KGC is requesting the Omani government to include other Korean firms, according to the officials.

Three out of the four international consortia participating in the project as main contractors are contacting Korean firms as their subcontractors, they said. "Either as main contractors or subcontractor, our aim is to expand Korea's participation in the project," one official said.

In return for the equity participation and ensuring business opportunities for Korean contractors, Korea has agreed to purchase 4 million tons of liquefied natural gas from Oman for 25 years from the year 2000, they said.

ROK: Allegation Leads to Probe of President Kim's Aide

*SK2103092596 Seoul YONHAP in English
0813 GMT 21 Mar 96*

[FBIS Transcribed Text] Seoul, March 21 (YONHAP) — An opposition party's allegation that one of President Kim Yong-sam's aides has a 3.7 billion-won fortune stashed away prompted the president to issue stern instructions directing the supreme public prosecutors office to investigate the case "thoroughly."

Chairwoman Chong Hui-kyong of the main opposition National Congress for New Politics (NCNP)'s election campaign committee gave a press conference Thursday morning to reveal that Chang Hak-no, President Kim's personal aide, has at least 3.7 billion won in assets hidden under the names of his live-in girlfriend and her brothers. She claimed that Chang has made the fortune

since coming to Chongwadae [presidential offices] in early 1993.

In October 1993, Chang committed his former wife, identified only as a certain Chong, to a mental hospital, and after she agreed to a divorce he gave her a 500 million-won settlement, the chairwomen claimed.

O Kil-nok, assistant director of the NCNP's campaign watchdog office, said he has received information indicating that the presidential aide's girlfriend has a bank account with "a huge amount of money" in it.

In response, Chongwadae senior petition-information secretary Mun Chong-su told reporters that President Kim instructed the prosecution to conduct a thorough probe of the alleged scandal and arrest the aide if the allegation is substantiated by hard evidence.

Since he took office the president has repeatedly said that he would not accept a single penny from anybody nor would he tolerate it if members of his family or aides accepted bribes, Mun stressed.

As was seen in the recent arrest of one of Kim's cousins in an influence-peddling case, prosecutors will seek an arrest warrant for Chang if he is found to have amassed a fortune while working at Chongwadae, he added.

Chang tendered his resignation, assuming responsibility for the political repercussions of the opposition party's allegation, and President Kim is going to accept it, Mun said.

The two minor opposition parties — Democrats and United Liberal Democrats — also called for a thorough investigation of the alleged scandal.

Chang has been President Kim's aide since the 1970s when the president was fighting the military-backed government as an opposition leader. He never left Kim even during his difficult times as opposition leader, and is thus said to have the president's full confidence.

ROK: Kim Yong-sam Orders Investigation of Secretary

SK2103034596 Seoul YONHAP in English
0248 GMT 21 Mar 96

[FBIS Transcribed Text] Seoul, March 21 (YONHAP) — President Kim Yong-sam has called for a "thorough" investigation into the allegation that one of his secretaries hid assets under the names of his live-in girlfriend and her family members, Senior Presidential Secretary for Petition and Information Mun Chong-su said Thursday.

The directive came shortly after the main opposition national congress for new politics accused Chang Hak-

no of concealing more than 3.7 billion won (about 4.7 million U.S. dollars) worth of assets under the names of his girlfriend, identified only as "Kim," and her brothers.

Chang tendered his resignation earlier in the day, Mun said, adding that it would probably be accepted by President Kim.

Under current law, public officials must register all of their assets with the Government Administration Ministry.

ROK: Kim Yong-sam Maintaining 'Low Profile' in Campaign

SK2103041696 Seoul THE KOREA TIMES in English
21 Mar 96 p 2

[FBIS Transcribed Text] Apparently, President Kim Yong-sam has been keeping a low profile as the president of the ruling New Korea Party [NKP] even though the crucial National Assembly elections are just around the corner.

His activities nowadays are mostly confined to official presidential duties, and he seems to be intentionally distancing himself from party affairs.

According to political analysts, the President's detachment from party politics is a well-calculated strategy designed to cool the election atmosphere.

This is because once electioneering heats up due to presidential involvement, the campaigns will automatically become a contest between the three Kims—President Kim, Kim Tae-chung and Kim Chong-pil—which analysts allege is an unsavory scenario for the Chief Executive.

The only thing Kim is doing as party president is meeting Yi Hoe-chang, chief campaign manager of the ruling party at Chongwadae [presidential offices] once a week.

Of course, President Kim is being briefed on the ongoing campaigns and handing directives to the party through his secretaries, including Yi Won-chong, senior presidential secretary for political affairs.

But the presidential activities are hardly visible, the analysts said.

Chief campaign manager Yi, who once resigned as prime minister because of a discord with President Kim, is a useful tool for the president's low-profile strategy.

Soon after assuming the job of chief campaign manager, Yi vowed that he will be in charge, not only in name but also in effect, of the campaigns for the April 11 general elections.

Yi even rebuffed proposal for a TV debate among chief campaigners of ruling and opposition parties, saying he will only talk with the presidents of opposition parties, who he argued are actually directing the campaigns.

President Kim apparently wants to tell Kim Tae-chung and Kim Chong-pil, his life-long political rivals, that they can no longer be his counterparts.

This is why President Kim has been unenthusiastic in making good on his promise to meet opposition leaders, which he made in his New Year policy address, political observers said.

ROK Attempts To End Intellectual Property Rights Violations

*SK2103040196 Seoul THE KOREA TIMES in English
21 Mar 96 p 8*

[FBIS Transcribed Text] The recent arrest of a notorious alleged counterfeiter of trademarks shows the strong conviction of the Korean government to crack down on violations of intellectual property rights.

In an interview with THE KOREA TIMES, patent attorney Song Man-ho said the arrest of Chin Song-pok on charges of trademark violation should go a long way in easing related tension with advanced countries.

"The incident demonstrates the Korean Government's serious attempt to protect foreign trademarks which are often blatantly misappropriated by Korean merchants to gain short-term profits," he explained.

Chin and one of his alleged accomplices were recently detained in a raid on his manufacturing facilities during which 2,500 handbags carrying the Chanel trademark were seized.

Chin is well-known for his run-ins with leading foreign companies which have long charged that he had been distributing counterfeit goods to retailers in the Itaewon shopping district in central Seoul.

Unlike other blatant violations, Chin has been methodical, registering such brands as Chin Chanel Plus, which would be a slightly altered version of the leading French designer house, with local authorities.

He allegedly advised his clients to snap off the peripheral parts of the logo for Chin Chanel Plus to reveal only the Chanel symbol. Several retailers have signed statements to the effect for the prosecution.

Song said Chin has thus far won his court battles, some of which went to the Supreme Court, against the designer houses, but appears to have met his match and should be convicted this time.

"Even though he will most likely get off with a suspended sentence, it is still a significant victory for authorities in their fight against counterfeit merchandise," said the senior partner of Youme Patent and Law Firm.

Current legislation, including the Trademark Law and the Unfair Competition Prevention Act, provide for a maximum prison term of five years or a fine of less than 50 million won (65,000 dollars).

He went on to say that the basic concept of protecting other's rights to creative ideas such as designs is still alien to many Korean traders.

"However," Song said, "in this age of dynamic economic development where Korea is making a quantum leap to join the industrialized ranks, we have reached a critical stage where we can no longer ignore the reputation as a haven for counterfeiters."

In the long run, the only way for Korean manufacturers to compete effectively in the world market is by developing original designs such as those by Capacci, which are gaining strong recognition both at home and abroad.

ROK: International Institute Rates ROK's Competitiveness

*SK2103041496 Seoul THE KOREA TIMES in English
21 Mar 96 p 8*

[FBIS Transcribed Text] Korea was rated the "second most aggressive" country in business activities among 46 countries.

In the Executive Opinion Survey conducted by the International Institute for Management Development (IMD) of Switzerland, some 2,465 business leaders were queried for the World Competitiveness Yearbook 1996.

The survey covered four categories: aggressiveness of the country, competitiveness of the government, ability of the society to reform itself quickly and attractiveness of the country.

According to the survey, the international business community rated Korea as the second most aggressive industrial nation, right behind Japan, with active overseas policies and strong business initiatives, whereas Korean executives considered their corporate performance most aggressive among the 46 countries.

Asian nations dominate the category with seven countries among the top 10 due to their determined efforts to strengthen their respective economies.

As for the resilience of society, the world seemed to favorably recognize the reform drive of the Kim Yong-sam government, placing Korea fifth.

**ROK Per Capita GNP, Real GDP, Investment,
Consumption Figures**

SI2003110196 Seoul YONHAP in English
0817 GMT 20 Mar 96

[FBIS Transcribed Text] Seoul, March 20 (YONHAP) — South Korea's per capita gross national product (GNP) exceeded 10,000 U.S. dollars last year for the first time ever, the Bank of Korea said Wednesday.

According to the "preliminary national accounts of 1995" the central bank announced, the per capita GNP increased 18.4 percent from 8,500 dollars in 1994 to 10,076 dollars last year, the 32nd largest amount in the world.

South Korea's per capita GNP was only 67 dollars in 1953 when the three-year-long Korean war ended, but since then has continued to grow to 100 dollars in 1963, 1,000 dollars in 1977, 2,000 dollars in 1983 and 5,000 dollars in 1989.

The real gross domestic product (GDP) or the real economic growth rate rose 9.0 percent last year from 1994, the highest rate since 1991 when the GDP recorded 9.1 percent increase. The nominal GDP increased 14.8 percent to 351,294.8 billion won (about 455.6 billion dollars) last year.

The GDP growth rate, however, plummeted to 6.8 percent in the fourth quarter of last year, in spite of the high yearly rate, which has produced a pessimistic outlook stemming from the possibility of a sharp business downturn.

A senior official at the bank admitted that business began to decline rapidly during the fourth quarter of last year, but denied the possibility that the government would take pump-priming measures to cope with the downturn.

Kim Yong-tae, director of the bank, said, "Since we expect that economic growth will continue at a 7.3 percent rate this year, we don't think any measures to invigorate the business community are necessary."

The gross national product rose 14.7 percent from 1994 to 348.28 trillion won (about 451.7 billion dollars) in 1995, the 11th largest amount in the world.

The manufacturing industry's domestic production rose 10.7 percent from 1994 while domestic construction grew 9.8 percent, the highest level since 1991. The domestic production of the heavy and chemical industries increased 14.8 percent, but that of light industry fell 0.7 percent.

Private consumption and investment in construction rose 7.9 percent and 9.9 percent, respectively. Capital investments increased 15.9 percent last year from 1994, down from 23.6 percent a year earlier.

The agricultural, forestry and fishery industries recorded a minus 0.9 growth rate last year due to a reduction in the area under cultivation.

Burma

Burma: SLORC Appoints Northern Commander as Cabinet Minister

BK2103043196 Rangoon Radio Myanmar in Burmese 1330 GMT 20 Mar 96

[Declaration No. 1/96 of the State Law and Order Restoration Council; dated 20 March 1996]

[FBIS Translated Text] Appointment of cabinet minister

The State Law and Order Restoration Council (SLORC) has appointed Major General Saw Lwin [commander of northern military command] as minister of SLORC chairman's office.

By the authority vested in me,

Signed: Lieutenant General Khin Nyunt, secretary-1 of the SLORC.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Abdullah Holds Talks With Egyptian Foreign Minister

BK2003150796 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 20 Mar 96

[FBIS Translated Text] Malaysia and Egypt will focus on bilateral economic cooperation. The matter will be discussed during the first meeting of a joint commission slated for the middle of this year at the latest.

[Begin recording] [Unidentified correspondent] A joint commission was established during a bilateral meeting between Foreign Minister Datuk Abdullah Ahmad Badawi and his Egyptian counterpart 'Amr Mahmud Musa at the former's office. A ministerial meeting will be held in Cairo after a meeting of senior officials takes place in Kuala Lumpur.

The two countries agreed that air services should be established to support bilateral trade.

Conflicts in Bosnia, Palestine, and Chechnya were also taken up during the talks. The two ministers agreed that the persistent assaults of Russian troops from Moscow against Chechnya were a very serious matter. They said that a settlement was necessary.

[Abdullah, in English] We have individually and collectively urged the Kremlin to lessen its harsh and brutal action against Chechens. We wish to appeal to them to exercise restraint and also to opt for a dialogue.

[Correspondent] The two ministers attended the signing of a memorandum of understanding between the Malaysian Microelectronic System Institute (Mimos)

and the Egyptian Government. Mimos was represented by General Manager Dr. Tengku Mohamed Azman Shariffudin, while the Egyptian Government was represented by Ambassador Amin Jabr. Egypt, which is amazed at the development of the Internet, will undertake technical and industrial cooperation as well as exchange experts with Malaysia. [end recording]

Cambodia

Cambodia: Paper Views Attempt To 'Split' Ranariddh, Hun Sen

BK2003134096 Phnom Penh ARIYEAKTHOR in Cambodian 12-13 Mar 96 pp 1, 4

[FBIS Summary] ARIYEAKTHOR carries two articles dealing with the current relationship between First Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen.

The first, a 500-word article on page 1b entitled: "The Enemy Is Trying To Split the Two Samdech Prime Ministers," is by the paper's director, Snguon Pimol, who expresses concern over attempts to create a rift between the two Cambodian co-prime ministers. The report recalls an undated remark by Hun Sen that "the situation would immediately change if there were a split between the prince kompreah [Ranariddh] and Samdech Hun Sen." The article goes on to say that "Politicians who have followed the situation within the Royal Government have stated clearly in their analysis that if the prince kompreah or Samdech Hun Sen readily believe those below them who turn personal matters into political issues, there will be dreadful incidents. The article also points out that "widespread corruption" is one of the factors that could split the two co-prime ministers.

The report also recalls the view of analysts, which is based on statements made by Ranariddh and Hun Sen concerning the Cambodian-Vietnamese border issue. According to these statements, Hun Sen wants to resolve the border issue peacefully without resorting to war and bloodshed while Ranariddh favors a solution involving the use of force if the Vietnamese side refuses to talk about the issue.

The report concludes by saying that "Samdech Hun Sen can resolve the border problem peacefully without sending the people and students to death. The main thing is this: under no circumstances should the prince kompreah and Samdech Hun Sen separate. The moment they part, the time of desolation will again fall on wretched Cambodia."

The second article, a 700-word article by Marina on page four entitled: "With the Prince Kompreah, Without

Hun Sen," reviews the relationship between FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the Cambodian People's Party [CPP] highlighting the role of King Norodom Sihamoni and says that "even the king, who is neutral, has at times been swayed" and that "people in general have seen that the king has got himself deeply involved in the Royal Government's affairs."

The article says: "The political situation in Cambodia has now reached a point where some cracks seem noticeable between the prince krompreah and Samdech Hun Sen; this is different to three years ago. Differing views over the border with Vietnam and over some other issues have given politicians a sense of unease; they believe that the co-prime ministers are being affected by their subordinates' stories, which are aimed at creating a crack in the alliance."

The report concludes by saying that "the political situation is unfavorable for a rift and is also unfavorable for the prince krompreah to ascend the throne without the appointment of a good FUNCINPEC leader."

Indonesia

Indonesia: Dailies Comment on Recent Unrest in Irian Jaya

BK2103041/96

[FBIS Report] Two Indonesian dailies carry editorials discussing the recent unrest in Irian Jaya, its causes, and how to deal with them.

Jakarta KOMPAS in Indonesian on 20 March carries a 600-word editorial on page 4 entitled: "We Must Adopt a Firm and Wise Stand on the Irian Jaya Situation."

The KOMPAS editorial attaches great importance to an initiative by Brigadier General Prabowo Subianto, commander of the Special Forces, who has invited 26 Irian Jaya tribal chiefs and community leaders from Tembagapura, Timika, and Mimika to come to Jakarta to meet with Ginanjar Kartasasmita, minister for national development planning, and other officials. According to the editorial, the 26 Irian Jaya community leaders have had a chance to discuss issues like Freeport Co. Ltd., regional autonomy, and other topics, while the officials can directly listen to their grievances and suggestions.

KOMPAS describes the initiative as "a new phase in developing Irian Jaya, which is necessary not because of the hostage-taking case and riots, but because of the unbalanced level of national development, in which the western region of Indonesia seems to make faster progress than the eastern region."

KOMPAS also discusses the riots at Sentani Airport, Abepura, following the arrival of Thomas Waggai's remains on 18 March. As is known, Waggai died of cancer at a Jakarta prison on 12 March.

Commenting on the riots, KOMPAS says: "The riots have confirmed our earlier argument that a new situation is developing in Irian Jaya. There is a sense of dissatisfaction among the people there, but they have no idea how to solve the problem."

Continuing, KOMPAS points out: "This situation is being used by GPK [security disturbance movement] members who are trying to capitalize on local aspirations and make use of a new trend that has emerged following the end of the Cold War—namely, ethnocentrism."

KOMPAS concludes by saying: "We must give new meaning to regional autonomy, but we cannot tolerate and must take action against separatism. Preventing separatism from spreading must be done firmly and wisely by implementing regional development so as to win the hearts of the local people."

Jakarta REPUBLIKA on 20 March carries a 500-word editorial on page 6 entitled: "The Restlessness of our Irian Jaya Brothers."

REPUBLIKA notes that the riots in Tembagapura and Abepura, as well as the prolonged hostage-taking in Mapnduma, show that there is something wrong in Irian Jaya.

Continuing, REPUBLIKA says: "The series of unrest should serve as a valuable lesson for us and make us ponder where exactly Irian Jaya is in our life as a nation. We must review the development pattern in that province. This sounds like an archaic statement, but it seems we have not fully done our best in this matter."

"We cannot take for granted allegations that Irian Jaya's wealth is being plundered and taken away to Jakarta. Our Irian Jaya brothers' awareness of who they are is growing and, therefore, requires greater attention. This awareness should be directed at more positive developments in the province."

REPUBLIKA also cautions that the Irian Jaya unrest may become an international issue, even though there is a slim chance of this happening, because the province joined the republic much earlier than the Province of East Timor.

REPUBLIKA concludes by saying: "What is most urgent now is how to develop Irian Jaya and its people in such a way so they can actively get involved in development and also reap the fruits of development."

Indonesian Government Urged To Liberalize Stock Ownership by Foreigners**96SH0035B Jakarta BISNIS INDONESIA**
in Indonesian 11 Feb 96 p 1

(FBIS Translated Text) Jakarta (BISNIS INDONESIA)—The Indonesian Securities Issuance Association (AEI) has asked the Indonesian Government to consider the possibility of easing restrictions on stock ownership by foreign investors in companies listed on the Indonesian Stock Exchange.

Rosano Barrack, the chairman of the AEI, has stated that the association will review and make recommendations to the government on improvements to the regulations affecting the stock exchange, such as easing the limits on the percentage of stock which may be owned by foreign investors.

At a ceremony confirming in office the Board of Directors of the AEI for the period 1995-1998, held in Jakarta on 12 February, Rosano Barrack said: "If the limit on the percentage of foreign ownership permitted is eased, conditions in the capital market will improve. For the investment of foreign capital (PMA) alone, 100 percent foreign ownership is permitted. Up to 100 percent foreign management is also permitted."

According to Rosano Barrack, 1995 data should be the standard for the government to use in considering easing the regulations because the net investment by foreign investors in the capital market during that year amounted to about 3.0 trillion rupiahs.

He said: "In fact, in 1995 purchases and sales of securities by foreign investors amounted to more than 3.0 trillion rupiahs. This means that every year the net, additional amount invested by foreigners is from 2.0 to 3.0 trillion rupiahs."

According to him, these facts should lead the government to conclude that foreign investors continue to be attracted to invest in Indonesia. He added: "Available data indicate that their surplus funds for investment here in Indonesia are that large."

Rosano said that the government could also consider policies in several neighboring stock markets, such as in Singapore and Thailand. Therefore, he said, Indonesia should place its trust in the domestic capital market.

He said: "I am strongly convinced that the Jakarta Stock Exchange could become larger and better by easing restrictions on foreign ownership. We must have confidence in ourselves."

'Listing Fee'

According to Rosano, the AEI will also attempt to lobby the Jakarta Stock Exchange to lower its "listing fee" to the lowest and most effective level possible. He said: "The Jakarta Stock Exchange should also adopt a 'listing fee' standard which is the same as a number of stock exchanges overseas, or an international standard."

He added that, although it is hoped that the "listing fee" will be brought down, the AEI continues to take into account the capacity of the Jakarta Stock Exchange to implement this proposal. He said: "At least the Jakarta Stock Exchange can try out the best standard."

In another part of his speech Rosano discussed the action program to be undertaken by the AEI to achieve its general objectives, such as promoting the feeling among its members that they own the organization. He said: "Furthermore, we want to improve the life of the organization as a public company through raising the business ethics and feelings of responsibility of its members."

He gave as an example the fact that there is still a relatively large number of public companies which forget their duties or responsibilities to be transparent and optimum companies for the people who hold shares of stock in them.

He said that the Board of Directors of the AEI is convinced that with professional management and the commitment of all members of the association it will play a larger role in the Indonesian capital market and, indeed, in national economic life.

Rosano, who is also vice president of PT Bimantara Citra, said: "Remember that the total market capitalization of all of the companies issuing stock of 160 trillion rupiahs gives an idea of these stock issuing companies as an element of national economic life."

He also warned that publicly traded companies should immediately take action to implement the government's advice to turn a portion of their shares over to cooperatives. He said: "At this time, out of 248 companies issuing stock, only 36 percent have applied this advice from the government. We want to raise this figure to at least 70 percent."

Rosano also stated that the AEI will try to open access more broadly to small and medium sized companies which want to enter the stock exchange. He said: "We can help to popularize this idea and then to propose it to the government."

Indonesian Government's 3-Year Plan for Foreign Debt Repayment

96SE0035C Jakarta *SUARA PEMBARUAN*
in Indonesian 13 Feb 96 p 1

[FBIS Translated Text] Jakarta, 13 February—The government will repay \$22.436 billion, or about 45 trillion rupiahs, in interest and principal on the foreign debt over the next three fiscal years. A total of \$7.513 billion will be repaid in fiscal year 1997/1998; \$7.541 billion, in fiscal year 1998/1999; and \$7.382 billion, in fiscal year 1999/2000.

Minister of Finance Mar'ie Mohammad made this statement in Jakarta on 13 February in testimony before the Budget Committee of Parliament in the course of discussion of the third reading of the Law on the Budget and "Financial Notes" (Nota Keuangan) for fiscal year 1996/1997.

According to Mar'ie, these figures do not take into account new borrowings which, it is estimated, will have no meaningful influence during the next three years. This is because these loans are repayable over periods of more than three years.

Bearing in mind tendencies in the development of repayments of interest and principal on the foreign debt and domestic receipts between fiscal years 1994/1995 and 1998/1999, the government will increase the payment of interest and principal on the foreign debt by an average of 2.4 percent each year. Meanwhile, during this period of time domestic receipts will increase by 12.2 percent each year.

According to Mar'ie, it is expected that, during this period, the ratio of repayment of interest and principal of foreign debts to domestic receipts will decline from 29.7 percent during fiscal year 1994/1995 to 20.6 percent during fiscal year 1998/1999. Subsequently, the repayment of interest and principal on the foreign debt will improve. That is, the repayment of interest and principal on the foreign debt will be rising, while domestic receipts will grow quickly at an increasingly sharp rate.

Mar'ie said: "This picture is a signal that in a nominal sense the positive difference between domestic receipts and the repayment of interest and principal on the foreign debt will be increasingly substantial." During fiscal year 1996/1997 alone the planned repayment of principal and the interest on the foreign debt of 19.9 trillion rupiahs will consist of 12.1 trillion rupiahs repayment of principal and 7.8 trillion rupiahs in payment of interest.

Position of the Balance

Up to and including the end of September 1995 total foreign loans amounted to \$61.3 billion, broken down as follows. Bilateral loans amounted to \$23.8 billion; multilateral loans, \$20.5 billion; export credit facilities, \$14.2 billion; commercial loans, \$1.6 billion; and leasing arrangements, \$1.2 billion.

According to Minister of Finance Mar'ie, in accordance with the provisions of the "Broad Outlines of State Policy" document for 1995, available foreign funds will be used as much as possible for the purchase of equipment for national development. However, on the other hand, in the framework of supporting sufficiently high economic growth and in calculating the rapid changes resulting from technological developments, foreign funds will still be needed, but should be handled in a selective and careful way. Because of that foreign funds will continue to be earmarked for the repayment of soft loans which have no political strings attached.

In an effort to optimize the use of foreign funds, an effort will be made to have foreign funds used as far as possible for the procurement of goods and services of domestic origin.

Through making these efforts during fiscal year 1996/1997 development receipts originating from foreign funds can be reduced, so that they will only increase by 5.6 percent. This means that the increase will be far smaller, compared with the increase during fiscal year 1995/1996, which reached 17.5 percent.

Regarding private foreign loans, Mar'ie said that this situation will not endanger the balance of payments in the future if they are used to finance production activity which stimulates the increase of exports other than petroleum and natural gas.

Indonesia: Suharto Urges Adherence to Press Ethics
96SE0029A Jakarta *KOMPAS* in Indonesian
10 Feb 96 pp 1, 11

[FBIS Translated Text] Solo (KOMPAS)—President Suharto said that ethics violations in the press have recently been on the increase through articles that violate principles in the code of ethics drawn up and agreed to by reporters themselves. For example, there has been unfair reporting, and there have been speculative reports that disturb public peace of mind.

The president presented these matters in his speech Friday, 9 February, at the main commemoration of 1996 National Press Day at the North Square of Surakarta Palace in Solo, Central Java. Others who spoke were Central Java Governor Soewardi and Central P.W.I.

[Indonesian Journalists Association] General Chairman Sofyan Lubis.

"We are also increasingly distressed to note reports, articles, and pictures that mislead, confuse, and disturb and that contain untruths and insults to the public's ability to think. We also often see facts controverted or obscured, facts and opinions confused to the detriment or benefit of one side, failure to respect the presumption of innocence, and so on," the president said.

"The result," the chief of state continued, "is that people do not get a complete, clear, accurate, and comprehensive picture from which to draw conclusions. This often causes people to take inappropriate and even harmful action."

Heighten Professionalism

The president called on all echelons of the national press to give serious attention to developments that could hurt the press and the people. "This is particularly true at this time when our nation is at the beginning of the takeoff phase, which is very definitive for our future. Therefore, the PWI and the Federation of Newspaper Publishers (SPS) need to be careful about themselves in order to develop their organizations into increasingly professional institutions so that they can build a press community that is also increasingly professional," he said.

The chief of state also stressed that it is only fitting to note carefully one of the objectives of independence, which is stated in the Preamble to the 1945 Constitution and which still must be brought to realization in a better way. "That objective—which is recalled in the Code of Ethics of Indonesian Journalists—is to develop the minds of the people," the president declared.

According to the president, the mental development of the nation cannot be done merely by education or by providing instructional facilities for the people. Continuous mental development is possible in every sector of life only by providing a perspective for the people to enable them to find the meaning of each thing they face in life.

"The press is clearly one of the most important institutions in this mental development process. This process can be implemented only if the press understands its professional responsibility for achieving the objective mentioned earlier," the chief of state said.

"The press should keep intensifying professionalism, idealism, and realism as it fulfills its moral and political responsibility to our nation, which is now struggling to develop itself for the increasingly challenging future," the president urged.

Must Change

The chief of state also pointed to tremendous changes in the world, particularly in the information and communications sectors, which constitute the press's arena. "The challenges we face are also changing and will become even bigger and more complex when we enter the 21st century and the opening of the world's economy. Like it or not, the press must also change," the president continued.

"If we are not careful, these changes can lead to a press with an entirely different struggle. The press could change to become an arena for a battle for life and for struggles for the interests of reporters, publishers, owners, or factions instead of for national interests," the chief of state said.

A press like that would lose its identity as a press belonging to its readers, the Indonesian people. Its actions, behavior, techniques, reporting criteria, views, and linguistic manners would simply be following the global press's prescription for commercial success. "A press like that would no longer reflect Indonesian characteristics. Thus, it would no longer be a national press," said the chief of state.

According to the president, the national press faces a serious challenge in the next 50 years. The challenge is to develop a national press that is always consistent with its identity on the one hand and on the other hand able to adapt to changes in the times and capable of competing against global media.

Reflects Society

Minister of Information Harmoko stressed that press personnel, as members of society, cannot be separated from the life of their people. The press holds a position as a mirror of conditions in its society. The press, which consists of 292 publications throughout the country, is not without its shortcomings and obstacles. Central PWI General Chairman H. Sofyan Lubis reported, among other things, that the main National Press Day program in Solo had been in preparation for months. "We apologize if there is anything lacking. It is not on purpose, but we are ordinary people," he said.

The main program was also marked by the sounding of gongs, the presentation of the book *The Struggle of the National Press* to the president, and a review of press stands in the exhibition hall of the Palace of Surakarta Ruler Hadiningrat. There were 35 participants and 75 stands. Present at the program were ministers of the Sixth Development Cabinet, local civil and military officials, and senior press people who were witnesses of the creation of the PWI on 9 February 1946, including B.M. Diah, Rosihan Anwar, and Toety Azis.

On the occasion of its 50th anniversary, the Central PWI published a collection of articles in a book entitled *National Press Professionalism After 50 Years*. Its cover displays a picture of the National Press Monument, where the PWI was born 50 years ago. A hazy picture of the city of Solo, with a pedicab driver, is visible on the cover.

At the Indonesian Journalists Intergenerational Symposium at the National Press Monument on Friday, 9 February, there was an expression of the need to stress the national press's commitment to national interests and to the mental development of the people. Also, the press should always preserve a spirit of cooperation and solidarity as it faces changes leading to progress.

The program, under the guidance of Parni Hadi, presented press personalities of various ages: Rosihan Anwar, Jakob Oetama, Dahlan Iskan, Tarman Azzam, and Eko. Both Rosihan and Tarman Azzam stressed that the PWI organization is an appropriate vehicle for journalists and that the PWI will protect its members.

Sofyan Lubis called on the national press to forget the trauma of past cancellations of SIUPP's [press enterprise licenses]. "The PWI has agreed that when a problem involving the press occurs, it must be resolved in the courts," he declared.

A series of 1996 National Press Day programs was held in Solo. These included public entertainment on the North Square by the Group of Four comedians (Komar and colleagues) and rock music featuring artists from Jakarta. Today, at the UNS [Eleventh of March State University], there is a panel discussion of the theme "The Print Media Seek a Format Amidst the Dazzle of the Electronic Media," a caricature contest on "My View of Solo," and a seminar about the Internet. There is also community service by the public in the form of cement work at the homes of 4,000 Surakarta families and the donation of boats for people at the Kedungombo Reservoir.

Indonesia: Narcotics Trafficker Arrested in Bali
96SE0039A Jakarta KOMPAS in Indonesian
17 Feb 96 p 14

[FBIS Translated Text] Denpasar (KOMPAS)—On Wednesday, 14 February, at 0400 hours, detectives of Badung (Bali) Police District arrested Am (27) in the act of making a narcotics transaction with a police officer posing as a buyer. Police seized from Am's hands 6.8 grams of dried marijuana, as well as four grams of heroin powder, 890 "nipam" tablets, 30 Mgadon tablets, and a hypodermic needle. Am, who was long under police surveillance, is now under detention by Badung District Police.

Lieutenant Colonel (Police) C.N. Patty, chief of the Badung Police District, said this to KOMPAS on Thursday [15 February] in Denpasar. He said that Am was arrested in front of "Lips Bar" in Kuta. The suspect, who claimed to be employed every day as a masseur, was very enthusiastic when a person pretended to want to buy his drugs. "While the transaction was in progress, officers immediately arrested him," said C.N. Patty. The customer was a police officer in disguise. After being interrogated, Am claimed to have obtained the mood-altering substances from a group in Jakarta.

The chief of the Police district said that besides being known for the beauty of its beaches, the Kuta tourism area is also known for the trafficking of illegal drugs. Therefore, Badung District police have made surprise inspections of discotheques, bars, and pubs almost every morning since January 1996. "In just three inspections, we found hundreds of "ecstasy" tablets that had been thrown under tables by their owners," the Police District chief said.

Laos

Laos: Diplomatic Ties Established With Bosnia-Herzegovina

BK1603110996 Vientiane KPL in English
0908 GMT 15 Mar 96

[FBIS Transcribed Text] Vientiane, March 15 (KPL) — Laos and Bosnia-Herzegovina have decided to set up diplomatic relations at the ambassadorial level following the signing of a joint communique in New York on March 7.

The document was signed by Mr. Alounkeo Kittikhoun, Lao ambassador and permanent representative to the United Nations, and the ambassador and permanent representative of Bosnia-Herzegovina to the United Nations.

With a desire to promote and strengthen the relations between the two countries [and] determination to promote co-operation for mutual benefit, the two countries have decided to establish diplomatic relations on the basis of the principles of mutual respect of their sovereignty, equality and non-interference, as enshrined in the Charter of the United Nations, writes the joint communique.

Laos: Khamtai Receives Foreign Delegations to 6th LPRP Congress

BK1703145696 Vientiane Vitthayou Hengsat Radio
Network in Lao 1200 GMT 17 Mar 96

[FBIS Translated Text] At the invitation of the Lao People's Revolutionary Party Central Committee (LPRP

CC], foreign delegations have arrived in Vientiane on 17 March to attend the Sixth LPRP Congress. The delegations were warmly and cordially received by Comrade Khamtai Siphandon, chairman of the LPRP CC, at the reception room of the LPRP CC's office.

At 1420 today, Comrade Khamtai Siphandon warmly and cordially received the delegation of the Communist Party of Vietnam [CPV] led by Comrade Do Muoi, secretary general of the CPV. Also present at the meeting was Comrade Saman Vi-gnaket, member of the LPRP CC Political Bureau.

At 1800 [as heard], Comrade Khamtai Siphandon, chairman of the LPRP CC, received the delegation of the Communist Party of China [CPC] led by Comrade Wen Jiabao, alternate member of the CPC Political Bureau and member of the Secretariat of the CPC Central Committee. Also present at the meeting was Comrade Khamphoui Keoboulapha, member of the LPRP CC Political Bureau.

At 1600, Comrade Khamtai Siphandon received the delegation of the Cambodian People's Party led by Samdech Chea Sim, party chairman and chairman of the Cambodian National Assembly. Also present at the meeting was Comrade Choummali Sai-ngason, member of LPRP CC Political Bureau.

At 1645, Comrade Khamtai Siphandon received the delegation of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party led by Prince Norodom Ranariddh, party chairman and first prime minister of the Kingdom of Cambodia. Also present at the meeting was Comrade Oudom Khatthi-nga, LPRP CC Political Bureau.

During the cordial meetings with the four foreign delegations, Chairman Comrade Khamtai Siphandon, on behalf of the LPRP CC, expressed thanks to the delegations of the friendly parties for their participation in the Sixth LPRP Congress at the invitation of the LPRP CC, which has manifested the friendship and traditional good relations between the party and people of Laos and the parties, governments, and peoples of the aforementioned countries.

Laos: Illegal Immigrant Handed Over to Thai Authorities

*BK1503123396 Vientiane KPL in English
0918 GMT 14 Mar 96*

[FBIS Transcribed Text] Vientiane, March 14 (KPL) — Vientiane Prefecture's committee for Lao-Thai border security co-operation on March 12 afternoon handed over a Thai citizen who had violated laws of the Lao

PDR [People's Democratic Republic] to Nong Khai's committee for Thai-Lao border security co-operation.

According to the security forces headquarters of Vientiane Prefecture, the Thai man who was detained on March 3 by the immigration police was identified as Police Corporal Pharuhat Wongphayak, group chief of the provincial police station of Muang District of Nong Khai.

After investigation, he was found guilty in three cases. He had violated immigration regulations and attempted to illegally take Lao women out of the country, violated the Lao tradition and the Provision No. 198, and behaved in an impolite manner against the operation of the Lao immigration officers at the friendship bridge.

The official hand-over was held at the friendship bridge on the Lao side between Mr. Bouasi, acting chief of the cabinet of the administration of Vientiane Prefecture, and Mr. Chaleao, head of the provincial office of Nong Khai in the presence of the two sides' officials concerned.

The hand-over of the Thai violator was in implementation of the spirit of the joint memorandum reached between the Lao and Thai committees for border security cooperation of Vientiane and Nong Khai, and aimed at maintaining the neighbourly and friendly ties.

Laos: Rice Shortage Threatens Luang Prabang in 4-5 Months

*BK1603111196 Vientiane KPL in English
0916 GMT 16 Mar 96*

[FBIS Transcribed Text] Vientiane, March 15 (KPL) — In 1996, Luang Prabang is expected to face rice shortage for four to five months. The harvest of the previous rainy season yielded only 77,859 tons of paddy, accounting for 67.7% of the target.

In order to avoid the rice shortage, this northern province plans to grow rice on 9,390 ha [hectares] in the coming rainy season with an expected output of 309,870 tons of rice, which will exceed the previous year's by 13.75%. And the second rice cropping is planned on 1,200 ha with an output of 4,800 tons.

The slash-and-burn practice will be reduced to 35,000 ha, down by 30.6% if compared to last year's. The harvest is expected at 53,000 ha.

As a matter of fact, every year farmers Luang Prabang still leave ploughed paddy fields fallow. Following rice transplantation, pests and drought still pose a threat on rice production.

Philippines

Philippines: PRC To Help Redress Manila's \$1 Billion Trade Deficit

BK2103031396 Manila PNA in English
0311 GMT 21 Mar 96

[Received via Internet]

[FBIS Transcribed Text] Manila, March 14 (PNA) — China has committed to take prompt steps to balance its trade with the Philippines.

Foreign Affairs Acting Secretary Rodolfo Severino today said Chinese foreign affairs vice minister Tang Jixuan has pledged China will soon invite Filipino exporters of competitive products for the Chinese market.

Severino said Tang, who is currently in Manila for the regular annual RP (Republic of the Philippines)-China diplomatic bilateral consultations, assured him they will give priority to Philippine products over those of other countries to help redress the trade imbalance.

Total Philippine-China bilateral in 1995 reached 1.03 billion United States dollars, a 75 percent growth from its 1994 level.

Of the total, however, Philippine exports to China accounted for only 268 million dollars for a trade deficit 494 million dollars.

In addition, Severino said, Tang has also pledged to encourage more Chinese business to locate and increase their investments in the Philippines.

Severino said details of the arrangements will be pursued and worked out when Foreign Affairs Secretary Domingo Siazon visits Beijing in June, this year.

Philippines: Muslim Rebels Accuse Manila of Using Nerve Gas in Raids

BK2103042196 Hong Kong AFP in English
0347 GMT 21 Mar 96

[FBIS Transcribed Text] MANILA, March 21 (AFP) — A Muslim guerrilla faction on Thursday accused Philippine government troops of using nerve gas to attack them in fierce gunbattles last weekend in several southern Philippine towns.

Mohagher Iqbal, spokesman of the Moro Islamic Liberation Front (MILF) said in a communique published in the Manila Times newspaper that two residents "were almost left unconscious as a result of nerve gas bombs" dropped by two military helicopters and planes.

Iqbal was reacting to military reports that 2,000 MILF fighters attacked 10 village army outposts around the towns of Lambayong and Sultan sa Barongis on Saturday, killing 23 people.

Military officials in Manila denied using nerve gas bombs.

"We do not have nerve gas in our inventory," said Major General Jaime Ileto, armed forces deputy chief of staff. If this was used "everybody would have been affected, including our ground troops," Ileto said.

The MILF is a splinter group of the main Moro National Liberation Front (MNLF) which is currently negotiating for peace and Muslim self-rule in the Philippine south.

The MILF is awaiting the outcome of the peace talks before it decides whether or not to pursue its demand for a separate Muslim state.

Iqbal claimed the military suffered more casualties than the rebels in Saturday's attack, with 36 soldiers and only seven from the MILF killed.

Thailand

Thailand: Government Told To End 'Flaccid Diplomacy' Toward PRC

BK1803083696 Bangkok THE NATION in English
18 Mar 96 p P A4

[Editorial: "Government Needs to be more Imaginative on Taiwan"]

[FBIS Transcribed Text] Like most countries in Southeast Asia, Thailand finds itself torn by conflicting sympathies as China flexes its muscles in the Taiwan Strait. While it enjoys the political comforts that come with an official relationship with Beijing, Bangkok has never neglected fostering commercial ties with Taipei, and Taiwanese businessmen are now among the biggest investors in Thailand's capital-hungry economy.

But that healthy status quo is now under pressure as the two rival Chinese states lurch towards a potential conflict that would be devastating for the security and economic well being of the entire region. At the centre of the dispute is Taiwanese Premier Li Teng-hui's efforts to raise his small country's international profile. In an effort to dampen pro-independence sentiment on the island, China has reacted by conducting live missile tests not far from Taiwan's northern and western shores.

Thailand was one of the first countries to forsake Taiwan diplomatically when it adopted its one-China policy two decades ago. But through careful diplomacy it has managed to maintain good relations with Taiwan without offending China. At the same time, Thailand has always been careful to draw a line in defending its national interests or sovereignty. The country won international kudos when it allowed the Dalai Lama to lead a group of Nobel Peace Prize laureates to the

Burmese border to inspect refugee camps. The visit angered Beijing which regards the Tibetan leader as a dangerous separatist.

Again, when Li Teng-bai toured Southeast Asia in 1994 as part of what became known as his "Vacation diplomacy", Thailand resisted Beijing's wrath and allowed the Taiwanese leader to make a brief unofficial stopover in Phuket. The trip was clearly in Thailand's interests and never violated the country's adherence to the one-China policy.

Later this month, Prime Minister Banhan Sinlapa-acha will become the first foreign leader to visit Beijing since the current row with Taipei erupted.

The trip comes at a perfect time for Banhan to voice some of Southeast Asia's, and what should be Thailand's, concerns about China's bull-headed behaviour in the Taiwan Strait. While few observers or diplomats actually believe Beijing would be so foolish as to attack Taiwan — the ramifications would be disastrous for China's economic reforms — many fear a misguided missile or misinterpreted military manoeuvre could ignite a serious conflict that might drag in the United States as well.

To date, Thailand's official response to China's sabre rattling has been flaccid diplomacy. Foreign Minister Kasemsamson Kasemsi said China had every right to conduct war games within its own territory. But such thinking ignores reality — missile tests in China's interior, for example, would not have helped trigger the biggest drop in Asia's bourses this year — and contributes little to the international effort to cool temperatures in the strait.

The government also badly mishandled Amnesty International's press campaign last week to highlight alleged human rights abuses in China. Amnesty chose Bangkok to launch the campaign, and whatever the rights and wrongs of that decision — the government may argue the choice was a cynical one — the authorities' reaction was far worse and ultimately futile.

By ordering security officials to follow and harass Amnesty representatives and then detain them at a downtown police station, the government only succeeded in giving the group's cause tremendous publicity and made Thailand look like a heavy-handed banana republic.

Thailand touts its respect for the UN Human Rights conventions, including the right to freedom of expression and speech, and yet the government panicked when a single human rights group threatened to ruffle the waters.

Past experience should have taught the government that debates such as China's human rights record are best left to be fought out in the public forum.

That China may lack the media savvy or international credibility to effectively counter Amnesty's charges should not be Thailand's concern. Bangkok's crude option effectively reduced Thailand to appearing like an over-eager accomplice of Beijing, not an international diplomatic equal.

As such, there is little reason to be confident that Premier Banhan's visit will be a milestone in Sino-Thai relations.

Provincial politics appears to have taught Banhan to revere raw power. International politics, however, requires more than financial or mere physical strength. It is a subtle game, and Thailand gains little by appearing so unimaginatively obsequious to Beijing.

Thailand: Defector Says Thai Aid for Khmer Rouge Ended in 1991

*BK1903075896 Bangkok THE NATION in English
19 Mar 96 p A8*

[Unattributed Report]

[FBIS Transcribed Text] General Kev Pong, the most senior Khmer Rouge defector, recently confirmed that Thailand no longer supported the guerrilla movement, according to the Foreign Ministry.

Gen Kev Pong said that after the 1991 Paris Peace Agreement signed by the four Cambodian warring factions, the Thai government immediately ceased all assistance, resulting in the guerrillas moving their base from Thailand to Cambodian territory, the Foreign Ministry said yesterday.

"The Khmer Rouge faced serious hardship after the 1991 peace pact as the Thai government stopped supporting them. The Khmer Rouge faction had to re-establish its base on Cambodian soil, causing difficulties in communication and seriously affecting the guerrillas' activities," the general said.

His statements were made during ceremony to mark his surrender, presided over by Cambodia's Second Prime Minister Hun Sen in Kompong Speu province last Tuesday. Also present were ambassadors from Thailand, Malaysia, Singapore, the Philippines and France.

From his interview, it confirms Thailand is not involved in Khmer Rouge affairs," the ministry added.

Gen Kev Pong, the most senior Khmer Rouge commander to defect to the Cambodian government, brought

with him about 315 of his soldiers and approximately 1,300 members of their families.

The general, commander of Division 18, is a permanent member of the guerrillas' central committee. His division was active in a district in Kompong Speu and six other nearby provinces and was responsible for sabotaging Highway 3, 4 and 5.

Also handed over to the government were 178 weapons with ammunition, 28 pieces of communications equipment and five vehicles. The general's defection is believed to have seriously affected the guerrillas' capability.

The surrender was conducted as Cambodian government troops implement a dry season offensive aimed at eliminating the Khmer Rouge and are approaching the guerrilla stronghold of Phnom Malai.

The Cambodian government had outlawed the guerrilla movement, but an amnesty was announced in which defectors, excluding Khmer Rouge leaders, would not be punished or put in jail.

Thai Prime Minister Rejects Minimum Wage for Imported Workers

BK2003101296 Bangkok THE NATION in English
20 Mar 96 p B1

[Report by Phatchari Luang-uthai]

[FBIS Transcribed Text] The Banhan government has rejected policy guidelines on importing labour from neighbouring countries as proposed by the Labour and Social Welfare Ministry and other agencies, which have called for the use of a minimum wage to protect foreign workers' interests.

Prime Minister Banhan Sinlapa-acha has so far turned down the idea of imposing such conditions as he prefers the market to set wages without state intervention. However, further delays on imposing regulations will produce more adverse effects than benefits, according to expert sources.

A Labour and Social Welfare Ministry official said the committee tasked with formulating criteria for the import of foreign labourers to solve the country's critical labour shortage recently proposed the guidelines to the prime minister. According to the proposed guidelines, there should be a mechanism to bring employers and illegal employees into the legal system for action against those violating the law.

However, Banhan disagreed with the idea of imposing strong conditions for importing labour, especially a minimum wage for foreign workers. He prefers to ease

conditions and let employers set wages for foreign workers themselves.

The official accepted that there has been heavy lobbying by the private sector through the Public/Private Consultative Committee chaired by Premier Banhan for the easier importing of foreign labourers.

Both public and private sectors have agreed that it is essential to import foreign workers as an effective way to solve the country's severe labour shortages.

The problem for the government is to find an appropriate resolution for the business sector and the local labour market. In addition, the government should also ensure fair conditions for foreign workers.

The committee fears if the government does not set a minimum wage, it will severely affect local workers in the long-run, in view of wages for foreign labourers being lower than local labour wages by 30-50 percent.

The official said the government must quickly determine the criteria for importing foreign workers, otherwise the unofficial labour market will grow rapidly from an influx from other countries.

The committee's source said the number of illegal labourers is increasing because they realize the government will soon announce regulations for imported workers. This means they will eventually become legal labours by entering the government's system and employment cost will escalate.

There are at least 700,000 foreign labourers from Burma, Cambodia, Laos and India.

Accurate statistics are not available, but a committee estimate puts the number of foreigners working illegally here at a minimum of one million.

THAILAND: Burma Wants Investigation on Encroached Land at Border

BK2003095396 Bangkok THE NATION in English
20 Mar 96 p A3

[Unattributed report]

[FBIS Transcribed Text] Mae Sot — Burma has demanded that Thailand set up a joint committee within a week to look into allegations of illegal land reclamation on the banks of the Moei River.

The demand was made during a meeting yesterday between Special Task Force Commander Col Suwit Maenmuan and Lt Col Kyaw Hlaing, commander of the Burmese Army's 97th Battalion in Myawaddy, before the two countries officially reopened the Myawaddy-Mae Sot checkpoint, which had been closed since March last year.

Suwit said after the meeting that Burma has set a condition that both countries should establish a joint committee by next week to investigate the alleged land reclamation and its removal.

Prime Minister Banhan Sinlapa-acha had ordered the completion of the dredging of the Moel waterway to return the river to its original causeway and the removal of the reclaimed land before he started his official two-day visit to Burma on March 17.

Burma demanded the removal of the encroached land before it reopened the border.

Suwit said the joint committee would inspect the area and look into the Burmese allegations. Only when the accusations were cleared up would the two countries establish systematic cross-border trade.

Burmese authorities, he said, had also informed Thailand that construction of the nearly-completed bridge across the river, suspended since June last year, would resume once the alleged land encroachment saga was settled.

The Thai commander expressed the hope that both sides would be able to resolve the problem soon as it would be mutually beneficial.

Suwit and Tak Governor Kasem Nakharat represented Thailand during yesterday morning's ceremony to inaugurate the reopening of the checkpoint, while Burma was represented by Kyaw Hlaing and Myawaddy Governor Maung Maung Yeing.

The ceremony was witnessed by over 2,000 Burmese and Thais and the checkpoint will be open from 7.30 am to 5.30 pm daily. Kasem said the reopening provided an opportunity to re-establish communications between the people from both countries and for the trade of basic Thai and Burmese goods.

He said trade concerning high-value goods would wait until the two countries had settled the land dispute.

"When it is settled, then official cross-border trade can be conducted in a systematic and legal way," Kasem said.

Panithi Tangpathi, vice president of Tak Chamber of Commerce, said that despite the opening there still remained a number of problems that Burma and Thailand had to resolve, including Burmese refugee camps in Thailand and the fighting between the Burmese Army and ethnic guerrilla forces.

He said relevant government agencies should concentrate on resolving the disputes through dialogue and consider setting up a joint working group consisting of

state and private representatives to work out common measures to tackle the problems.

Panithi added that a unified position and common strategy on political, economic, social, security and defence matters would show Thai was sincere in its attempts to resolve problems with its neighbours.

"In the past, the government sector has not paid much attention to such (unified and common) measures. Even though there is a (Thai- Burmese) Regional Border Committee, in reality is not much more than a representative organ for military cooperation," Panithi said.

In Bangkok, Supreme Commander Gen Wirot Saengsanit said that in a meeting of armed forces' commanders he had urged that particular attention should be paid to what was happening along the country's borders.

He said he had stressed the possibility of a military spillover from fighting inside Cambodia.

Wirot, who accompanied Banhan on his official visit to Burma, said Burmese junta leaders had apologized to him for the incursions by some Burmese forces onto Thai territory.

Thailand: Opening of 3d Thai-Burmese Border Checkpoint Reported

BK1903104496 Bangkok Radio Thailand Network in Thai 0530 GMT 19 Mar 96

[FBIS Translated Excerpt] Myawaddy border checkpoint opposite Mae Sot District in Tak Province was reopened at 1100. The Burmese Government approved the border reopening as a result of Prime Minister Banhan Sinlapa-acha's visit to Burma. [passage omitted] Following the official opening of the border crossing, the Tak province governor spoke to newsmen:

[Begin recording] The ceremony today marks the opening of the checkpoint on the Burmese side. It was jointly presided over by chairmen of the Thai-Burmese liaison committees at a local level. We were only participating in the Burmese ceremony; there was no event on our side because the checkpoint on the Thai side was never closed. The reopening of the border will allow people from both countries to exchange goods or to buy souvenirs and gifts. Transit of goods or trade exchanges between the two countries through this checkpoint will still have to wait until the setting up of a border demarcation committee next week. [end recording]

The crossing hours set by Burmese authorities at the Myawaddy checkpoint is between 0700 and 1700 daily.

Meanwhile, construction work on the Thai-Burmese friendship bridge will resume.

Thailand: Agriculture Minister, Supreme Commander Report Burma Visit

BK2003093796 Bangkok THAILAND TIMES
in English 20 Mar 96 p A3

[Unattributed report]

[FBIS Transcribed Text] Bangkok: The Burmese government has extended an invitation to Thai businessmen to invest in a four-part project in the country, guaranteeing they will be exempt from tariff mechanisms for the first three years.

Thailand's Agriculture and Cooperatives Deputy Minister Monthon Kraiwatnusun announced after yesterday's Cabinet meeting that the Burmese government had resolved to encourage Thai private-sector investment in a fisheries project comprising powdered-fish mills, ice factories, food-freezing operations and shrimp farms.

Monthon said the project was a short-term joint venture, with Thailand providing between 51 and 70 percent of the capital.

He added Thailand has to face up to losing some of the dominance it used to have in previous fisheries investment projects since Burma now has a fleet of 1,200 trawlers, also citing the prime minister's pledge that Thai investors should not take advantage of Burmese businessmen.

Besides these proposals, Supreme Commander General Wirot Saengsanit revealed that General Than Shwe of the military junta ruling Burma, the SLORC, had invited a Thai military delegation to make an official visit to Burma.

Wirot accepted, and said he would head the party. However, he did not set a date, explaining he had to find a time convenient for all the commanders.

Wirot said the SLORC (which stands for State Law and Order Restoration Council) had reassured him the murder of a Burmese businessmen by Thai police would not affect the two countries' relations.

Four Ranong provincial police killed Song Neumen to get their hands on over one million baht during Banhan's visit to Rangoon last weekend.

The Burmese junta has announced it will free 100 Thai sailors imprisoned in Burma as a goodwill gesture for His Majesty the King's Golden Jubilee this year, Wirot added.

Thailand: Laos Closes Border Checkpoint To Check Rebel Activity

BK2003041796 Bangkok THAILAND TIMES
in English 20 Mar 96 p A3

[Unattributed report]

[FBIS Transcribed Text] Nan — The Lao government yesterday announced the closure of Thai-Lao border checkpoint at Ban Houai Kho effective today.

A Thai border officer, who requested anonymity, said Laos decided to close the checkpoint as a recourse to tackle the problem of the anti-Vientiane group in the border area.

The closure was done to prevent negative effects on tourism and investment of the two countries, he said.

The source, however, said the checkpoint may be reopened as early as April.

The Lao communist government has been trying to eradicate the right-wing movement, led by Gen. Vang Pao.

Gen. Vang Pao's political movement called "Lao United Independent Front" and its armed wing "Lao United Independent Army" have reportedly used Thai soil in several border areas to build up its strongholds to carry out subversive activities aimed at undermining the Vientiane government.

The checkpoint in Nan's Thung Chang district was informally sealed off on March 5.

The number of tourists and investors in Nan dramatically decreased after the closure. The economic damages were estimated at over 100 million baht.

Thailand: Navy Seeks Tanks To Support Cambodian Border Mission

BK2003133996 Bangkok DAILY NEWS in Thai
20 Mar 96 p 3

[Unattributed report]

[FBIS Translated Text] According to a Navy source, the Navy has proposed to the Supreme Command to form a 17-tank company, reasoning that its marines in the Chanthaburi-Trat Force need tanks to serve their mission along the Cambodian border, particularly the area opposite Pailin. The Cambodian government force, which also operates tanks, is determined to capture the Khmer Rouge stronghold in Pailin.

The source said the Navy also wants the tanks to support its landing missions. It prefers amphibious tanks, but they must be light to be able to operate on soft ground.

The Navy is waiting for a word from the Supreme Command before forming a committee to pick a suitable tank model. At first the Supreme Command suggested the Navy make its procurement at the same time with the Army, which was considering replacing its 30-year old M41 tanks. The Navy, however, insisted that it wanted to choose its own model that suited missions of the marines. The Supreme Command suggestion about procurement in the same lot with the Army was based on belief that the price would be cheaper.

Meanwhile, Navy Commander Admiral Prachet Siridet noted that a tank purchase request had already been proposed to the Supreme Command for consideration. He reiterated that the marines need tanks to support their ground mission along the border. To date the marines received tank support from the Army, but it would be better to have their own tanks for mobility and ease of operations.

Thailand: Officer Asks Malaysia Not To Shoot at Fishing Boats

BK1903064896 Bangkok BANGKOK POST in English 19 Mar 96 p 3

[Unattributed Report]

[FBIS Transcribed Text] Phuket — The Thai Navy has asked Malaysia not to open fire at Thai fishing vessels but take them to court in case they are found violating Malaysian law.

The request was made through the commander of a Malaysian fleet of seven warships which visited the Royal Thai Navy's Third Fleet in this southern island province on Sunday.

Third Fleet commander Vice Admiral Samran Amsam-ang said the visit was to strengthen relations between the naval forces of the two countries.

Thai Ministers Reportedly in 'Bitter' Row Over Star of Siam

BK1903120396 Bangkok THAILAND TIMES in English 19 Mar 96 p A1

[FBIS Transcribed Text] Bangkok — Defense Minister Gen Chawalit Yongchaiyut and Deputy Prime Minister Thaksin Chinnawat yesterday commenced a bitter war of words over the 26-billion-baht military satellite project, as Chawalit accused the PDP (Phalang Tham Party) leader of protecting his business interests.

Chawalit handed a proposal on the military satellite, called Star of Siam, to the Cabinet early last month. But the project has drawn widespread criticism in the media over its astronomical cost.

The Defense Minister said yesterday the armed forces already had the capacity to put the satellite into orbit, "So how can they (the government) reject it?"

He said Thaksin could drop his protests as the project would not affect his business.

The Phalang Tham Party leader is known as the "tycoon of telecommunications" and his company, the Chinnawat Group, owns several satellites.

Thaksin denied this was his reason for opposing the project.

Thaksin's move has been seen by some MPs as another attempt by his coalition-member party to raise its public profile at the expense of the government. Thaksin has already led calls for a Cabinet reshuffle and reportedly raised tensions within the administration.

"If the people don't like me, I will leave and find another job," he said.

Star of Siam consists of two satellites, two control stations and a number of terminals on the ground. The satellites would be for both military and public use.

Thailand: Chawalit Says Cost of Military Satellite Not Set Yet

BK2103051596 Bangkok Radio Thailand Network in Thai 0000 GMT 21 Mar 96

[FBIS Translated Text] General Chawalit Yongchaiyut, deputy prime minister and defense minister, said the report on the military satellite project submitted to the Cabinet meeting two months ago only explained the need and benefits of the satellite. The price of the project has not been set yet. He said the Cabinet has also stated in a policy statement that it will support a military satellite as well as new technology for communications. So, we have to follow that policy.

General Chawalit said the satellite launching base will be built in Narathiwat Province. He added that the project does not run counter to the interests of Deputy Prime Minister Thaksin Chinnawat's company. He said both of them have discussed the issue like members of the same family.

Thailand: Dispute Over Military Satellite Could Threaten Coalition

LD2103093796 Melbourne Radio Australia in English 0800 GMT 21 Mar 96

[FBIS Transcribed Text] In Thailand, a damaging political row over the military's plans to buy a billion-dollar spy satellite has threatened to split the coalition government. Evan Williams reports the powerful defense

minister and the deputy prime minister have refused to settle their differences:

[Williams] Defense Minister Chawalit Yongchaiyut says the billion-dollar communications and spy satellite is vital for the military's high-tech upgrade and future signals traffic. It will also be part self-funding through private telecoms capacity.

Deputy leader and satellite telecoms tycoon Thaksin Chinnawat disagrees, saying it is too much money for a service possible by other means. He infuriated the army with a reference to "the commercial armed forces", but says he questions the project in the taxpayers' interest. General Chawalit's officials are quoted as saying his powerful New Aspiration Party could pull out of the coalition if the project is scrapped. That is usually just a bargaining ploy, but the rift could damage coalition stability after days of public bickering.

Thai Government Stability at 'Risk' if Satellite Rejected

*BK2103045796 Bangkok BANGKOK POST
in English 21 Mar 96 p 1*

[Unattributed Report]

[FBIS Transcribed Text] There is a risk of the New Aspiration Party pulling out of the coalition if the Star of Siam military satellite project is scrapped, according to a source close to Defence Minister Chawalit Yongchaiyut.

Chawalit has thrown his weight behind the 28-billion-baht project, and did so again at a press conference yesterday, saying:

"It's government policy. The Transport and Communications Ministry has stated clearly that its policy is to support the use of high technology and to promote the use of satellites in military service. I am upholding that policy."

New Aspiration also oversees the Transport and Communications Ministry.

Chawalit's remarks came as politicians from both the Government and Opposition set out their views on the issue.

His comments could fan the flames of conflict between Deputy Prime Minister Thaksin Chinnawat and some Defence top brass over the issue.

The Phalang Tham leader's horns are locked with certain senior military officers who support the project. Thaksin has questioned the merits of the Government making a substantial investment.

But Chawalit regards the project as of great significance because he believes it has the potential to tackle the armed forces' communications problems.

The source said the Defence Minister is confident the Cabinet will approve it.

Procurement of the military satellite is clearly laid down in the Government's policy and Chawalit sees no reason why it would be rejected by the Government.

"If the project is rejected, it will doubtless heighten political tensions," the source said.

Another Defence Ministry source said Chawalit has told the Office of Policy and Planning to include expenditure on the project in the armed forces' military budget plan over the next 10 years.

Under the initial defence plan, the Defence Ministry will start its first payment next year after the Cabinet gives approval for the project (expected soon).

The Defence Ministry will ask for the project to be paid for over a period of 10 years so that annual allocations can be kept low.

The source said the Defence Minister firmly believes that the project will not be a financial burden for the Government.

"The minister knows how to obtain the necessary budgetary support," the source explained.

Chawalit has passed the proposal to Cabinet secretary-general Wisanu Khrua-ngam, who is sounding out other state agencies.

"We will know by the end of this month what other government agencies think about it," the source said.

The Defence Technology and Telecommunications Centre overseeing the project has been waiting for the green light from the Cabinet.

It can then write to Britain, France, China, Israel and the United States to invite them to take part in the bidding, expected to take place before the year is out.

Chawalit did not completely put aside the possibility that the military satellite might have commercial uses.

He denied that the cost of the satellite had been fixed at 28 billion baht.

He said the first report on the project submitted to the Cabinet two months ago simply explained what the military satellite was and asked for approval for the procurement.

The Cabinet would be contradicting itself if it rejected the proposal because the Transport and Communications

Ministry had written in its policy in support of the military satellite as well as new technology for use in military affairs, he said.

Chawalit said the Cabinet should not be "bombarded" with a great deal of information about the satellite all at once, because ministers might not be able to gain in such a short time a thorough understanding of what the project was all about.

Thailand: Delay in Insurance License Consideration Viewed

BK1803155796 Bangkok MATICHON in Thai 18 Mar 96 p 17

[Unattributed report]

[FBIS Translated Text] According to a Government House source, Commerce Minister Chuchip Hansawat forwarded a proposal by the ministry's committee to study requests for new insurance licenses to the cabinet secretary for cabinet consideration in early February. The committee recommended approval of new licenses for 35 life insurance companies and 31 non-life insurance companies. However, due to acute opposition to the proposed number of new licenses, the proposal has not been put on the cabinet meeting agenda.

The source said Deputy Prime Minister Amnuai Wirawan summoned Commerce Ministry officials to explain the steps and rules in the consideration process. Chuchip lobbied through Public Health Minister Sano Thianthong to have the prime minister put the proposal on the cabinet agenda quickly. Banhan himself was under pressure from certain private groups, current insurance companies, commercial banks, and his economic advisory team to reduce the number of new licenses. Banhan could not find a solution, and has thus delayed the issue.

According to the source, the latest information is that Banhan wants to delay the license consideration until after the no-confidence debate to review the entire license request consideration process. Previous cabinet regulations concerning license conditions and license numbers may be reviewed to limit the number of new licenses. However, all 87 companies that applied for licenses may receive new consideration under new cabinet regulations.

The source said: "Banhan wants to begin a new consideration of license applications after the no-confidence debate has passed because he is confident that the government will survive the debate which in turn may trigger another cabinet reshuffle to strengthen his base and his bargaining power. In the new situation he will be

able to make a decision free from pressure from political groups that have been trying to use the licensing issue to bargain for political posts."

The source said new regulations on consideration of new licenses will limit the license numbers as recommended by several groups, which will result in more support for Banhan. Moreover, new consideration will give an opportunity to firms whose applications were rejected the first time. This is especially true with the joint venture between Krung Thai Bank and U.A.P. of France, which is France's second largest life insurance company. The joint venture was rejected on a score of 46.96%. U.A.P. reportedly wrote to Deputy Prime Minister Amnuai asking for an explanation of its rejection in light of its size in France and its joint venture with a Thai state enterprise.

The source said: "During the recent ASEM [Asia-Europe Meeting] the French president spoke about the issue with the prime minister, who said he would reconsider it."

Vietnam

SRV: Do Muoi's 20 Mar Activities in Laos Reported

BK2103034296 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 20 Mar 96

[FBIS Translated Text] The Vientiane-based correspondent of the VIETNAM NEWS AGENCY reported that Party General Secretary Do Muoi held a friendly meeting this morning with the delegation of the Cambodian People's Party led by Chairman Samdek Chea Sim who was attending the sixth congress of the Lao People's Revolutionary Party.

In the meeting, Party General Secretary Do Muoi stressed that the peoples of the three brotherly countries of Vietnam, Cambodia, and Laos need to strengthen their unity to safeguard their national independence and sovereignty, and to help each other in national construction, the elimination of poverty, and the advancement to the status of prosperous countries for the happiness of the people of each country. Chairman Chea Sim informed Comrade Party General Secretary Do Muoi of some major features of the economic restoration and development of the Cambodian people, and the activities of the Cambodian People's Party.

Also in the morning [20 March], Comrade Party General Secretary Do Muoi warmly received the delegation of the Communist Party of China led by Comrade Wen Jiabao that is attending the sixth congress of the Lao People's Revolutionary Party. Comrade Party General Secretary Do Muoi expressed his desire for the people

of Vietnam and their brotherly people of China to live close to each other forever and to build up unity, friendship, and cooperation for the cause of an evermore prosperous Vietnam and China.

Comrade Wen Jiabao expressed his wish for the relationship between the two parties and states of China and Vietnam to develop continually and contribute to the preservation of peace, stability, and development for the region and the world.

This morning Comrade Party General Secretary Do Muoi also visited cadres and employees of the Vietnamese Embassy in Laos, agencies adjacent to the embassy, and specialists and students who are working and studying in Laos. Comrade Do Muoi informed them of the preparations for the Eighth National Party Congress, and talked about industrialization and modernization in the Vietnam renovation process for the period from now to the year 2000.

SRV: National Assembly Office Issues Final Communiqué

BK2103034996 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 20 Mar 96

[Communiqué issued by SRV National Assembly Office in Hanoi on 20 March]

[FBIS Translated Text] The National Assembly Office has issued a communiqué that reads as follows:

The National Assembly met today in the conference hall under the chairmanship of National Assembly Vice Chairman Nguyen Ha Phan. The National Assembly continued the vote on the draft law on the state budget. Seven deputies raised their opinions; they were: Nguyen Don from Quang Nam-Danang, Do Van An from Son La, Le Quang Dao from Hanoi, Nguyen Dinh Loc from Yen Bai, Ha Manh Tri from Thai Binh, Phung Van Tuu

from Vinh Phu, and Vu Thi Ngoc Dau from Thai Binh. The deputies then voted to pass chapter by chapter the whole of the draft law on the state budget.

National Assembly Chairman Nong Duc Manh chaired the closing formalities of the session. Head of the Secretariat Vu Mao read the full text of the draft resolution on accelerating the implementation of tasks and the 1996 state budget. The following National Assembly deputies expressed their views regarding issues related to the resolution: Nguyen Quoc Thuoc and Lo Trung Thanh from Nghe An, Trinh Hong Duong from Ha Tinh, Tang Van Luy and Nguyen Viet Dung from Ha Bac, Lam Phuc Co from Yen Bai, Bui Quang Huy from Tra Vinh, Vuong Thi Nghi and Cu Hoa Van from Lao Cai, Vo Tong Xuan from Can Tho, Dang Khoi from Nam Ha, and Nguyen Don from Quang Nam-Danang.

By an overwhelming majority, the National Assembly passed the resolution on accelerating the implementation of tasks and the state budget for 1996.

In this session, the National Assembly passed the following important documents:

1. The Law on Mineral Resources;
2. the Law on Cooperatives;
3. The Law on the State Budget;
4. The resolution on accelerating the implementation of tasks and the state budget for 1996.

In the closing session, the EU Parliament delegation led by Dr. Gunter Rinsche paid a visit to the National Assembly. At 1010 [Hanoi time] today, National Assembly Chairman Nong Duc Manh read the closing speech. The ninth session of the Ninth National Assembly then concluded successfully.

Australia

Australia: Report Alleges Human Rights Abuses in Burma

*BK2003113096 Melbourne Radio Australia
in English 0630 GMT 20 Mar 96*

[From the "International Report" program]

[FBIS Transcribed Text] An Australian report makes new allegations of serious human rights abuses against Burmese refugees who have returned home. The Australian Council for Overseas Aid says some 300,000 Rohingya, Karen, and Mon refugees fled Burma largely to escape forced labor, but it says many of these refugees have been forcibly repatriated only to find themselves in the same conditions. The report says this in clear breach of an agreement between Burma's SLORC [State Law and Order Restoration Council] regime and the United Nations High Commissioner for Refugees [UNHCR]. Author Mark (Pracel) told Ann Parker Australia and the rest of the world must bring more pressure on the SLORC to improve the plight of Burmese refugees.

[Begin recording] [(Pracel)] Most recently, 25 families—Mon families—set out into Thailand citing claims that they were working on the railroad. They were forced. They were taken from their villages. They often have to pay bribes to the SLORC soldiers to avoid being conscripted, but otherwise they are taken. They are forced to build embankments from sunup to sundown for the railroad. Conditions there are extremely hard. If the people fall sick, they are still forced to work. Malnutrition is quite common along the railroad sites. And if—by all accounts it is a horrendous picture—anywhere between 30,000 and 60,000 civilians are working along this railroad.

[Parker] Are you saying then that these refugees should not be forced back into Burma?

[(Pracel)] Exactly. The refugees should not be returned unless there is a clear program which ensures safe voluntary resettlement that includes having NGO [Non-governmental Organization] access to give supplies, includes monitoring by international bodies such as UNHCR to ensure safety, ensures that there is a timed procedure and that there is a comprehensive program of resettlement to set up infrastructure such as schools, hospitals, wells. These type are very crucial things for a community returning, the sizes of communities that we are talking about.

[Parker] What exactly were the conditions that the SLORC agreed to in negotiations with the UNHCR in taking these refugees back into Burma?

[(Pracel)] In the case of the refugees from Bangladesh, which is the only area where there has been this

type of a settlement or negotiation, UNHCR, after a lot of heartache, conceded to allowing SLORC to maintain forced labor at Arakan State on a reduced level, namely four days per month. The Australian Council for Overseas Aid's concern is: How do you monitor this? Out in the countryside the local battalion commanders have always been abusing these Muslim refugees; they are an ethnic minority in Arakan State. So, it is very difficult to see how UNHCR, outside of the areas where it has no immediate access, is going to be able to ensure the safety of the refugees. [end recording]

Australia: Opposition Leader Announces Party Spokesmen

*LD2003115396 Melbourne Radio Australia
in English 0900 GMT 20 Mar 96*

[FBIS Transcribed Text] The federal opposition leader, Kim Beazley, has announced the line-up for the parliamentary front bench of the Labor Party, which was thrown out of government in the national elections earlier this month. National affairs correspondent Stuart Heather reports that former government ministers are taking on new areas of responsibility and almost half the 27-member shadow ministry is made up of new faces.

[Heather] As expected, the key portfolio of shadow treasurer [finance minister] has gone to the deputy opposition leader Gareth Evans, cementing him as a prominent number two in the Labor Party team.

Simon Crean is the manager of opposition business and shadow minister for industry and regional development.

The former trade minister, Bob McMullan, takes on another key portfolio, industrial relations.

Dr. Carmen Lawrence has the environment and arts, and Nick Bolkus, shadow attorney-general and justice.

Foreign affairs is a surprise opposition appointment — that opposition portfolio goes to former Transport Minister Laurie Brereton, and defense goes to a newcomer to the shadow ministry, Mr. Arch Bevis.

Other newcomers to the opposition's shadow ministry include the former trade union leader Martin Ferguson, appropriately appointed to employment and training, and Stephen Smith to trade.

Australia: Editorial Urges Deeper Government Expenditure Cuts

BK1803135796 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 18 Mar 96

[Editorial: "Budget is the First Priority" — received via Internet]

[FBIS Transcribed Text] When Mr. John Howard decided to quarantine large areas of government spending from budget cuts it was a mistake. The fact that this decision was taken in the run-up to the federal election does not excuse it.

In the hope of a short-term benefit at the election he was risking a long-term detriment to the economy by limiting his capacity to take a flexible approach to the budget deficit.

The election is over and the time has come to face facts. Because of the government's pledge against introducing new taxes or increasing existing ones, it is already boxed in on the revenue side.

But that limitation actually has some advantages. The disincentive effect of taxes on the economy represents a dead weight loss that can be avoided by placing more emphasis on the expenditure side of the Budget.

Taxes may also be a less-than-perfect way of achieving the goal of boosting national savings. At certain income levels, people pay tax increases by eating into their savings, instead of reducing their consumption expenditure.

This means that any increase in government savings may come at the expense of private savings. If the name of the game is to reverse the collapse in national savings, such a zero-sum outcome is pointless.

All this points to the crucial importance of cutting hard on government expenditure. Yet the government appears to be ruling out cuts to ever-widening areas. They now include the \$10 billion [Australian dollars] annual defence budget, general purpose payments to state and territory governments and large parts of the \$45 billion that goes each year in transfer payments to cover pensions and similar payments.

To these must now be added the diesel fuel tax rebates given to farmers. The minister for primary industries, Mr. John Anderson, who is one of those responsible for cutting government spending, made it clear yesterday that farmers would continue to receive this benefit.

There are, of course, sound arguments against taxing inputs to goods that are later exported - as is the case with much farm produce. But unless the government calls a halt to blanket immunity for certain areas of spending, it could well need to revisit those expenditure

areas, such as the diesel fuel tax rebate, that really deserve to stay.

In an interview with this newspaper last week, the treasurer, Mr. Peter Costello, indicated he was comfortable with the list of areas that have been given immunity. That may be so, but there is no need to make his job more difficult than it already is.

Now might be an appropriate time for Mr. Howard to remind his ministers that every area of spending that is placed beyond the reach of the knife means the cuts must be that much deeper elsewhere.

For the record, the government is committed to cut the deficit by \$4 billion in 1996-97, and another \$4 billion the year after.

When Labor took the budgetary task seriously it used to pride itself on the "quality" of its cuts as well as their mere size. The bureaucracy is renowned for its ability to regenerate after a mauling in the Expenditure Review Committee.

To make lasting savings, the safest approach is to close entire spending programs rather than merely trim them back every year or so.

After the lack of budgetary discipline in Labor's last few years, large areas of government expenditure are crying out for "quality" cuts.

First on the block should be middle class welfare, which flourished in Labor's later years.

It would be the ultimate epitaph to the old class-based nature of Australian politics if a coalition government put an end to Labor's policy of transferring taxpayers' funds into the pockets of higher income-earners.

New Zealand

New Zealand: Auckland Hosting Air Force Exercise After ANZUS Thaw

BK1803145896 Christchurch THE PRESS in English 13 Mar 96

[Unattributed report: "Anzus Thaw Allows War Games — NZ hosts First Fincastle Trophy Since Nuclear-Free Suspension" — received via Internet]

[FBIS Transcribed Text] The thaw in the Anzus [Australia-New Zealand-U.S. Defense Pact] freeze between New Zealand [NZ] and its former defence partners continues, with Britain sending two Nimrod aircraft to New Zealand for an air force exercise in May.

Britain will attend the annual Fincastle Trophy competitions in Auckland.

It is the first time New Zealand has hosted the four-nation competition since 1984, when the country's anti-nuclear stance led to a suspension of defence contacts with United States and Britain.

The Fincastle Trophy for anti-submarine expertise is traditionally contested by the air forces of Britain, Canada, Australia, and New Zealand.

New Zealand has won the trophy several times, but all competitions since 1984 have been held in the other member countries.

The Nimrods are due in Auckland for the contest, to be flown between May 12 and 24. An Australian navy Oberon-class submarine will act as the enemy, cruising in the Hauraki Gulf. Air force maritime patrol aircraft will compete to track and find it in day and night operations, using visual and electronic aids.

Canada is the holder of the trophy, which it won last year.

The competition marks a busy exercise period for the air force, with eight Skyhawks and 88 personnel due to fly to Australia next week for a trans-Tasman exercise. Willoh 96 runs until April 2, and is based in Arnhemland in Australia's Northern Territories, where several Australian exercises to test its forces' capabilities are under way.

In New Zealand the RNZAF (Royal New Zealand Air Force) is also conducting another of its heavy-transport exercises. Skytrain, held every two years, is based in Napier this year between March 15 and 27.

As well as two Hercules, two Andovers, and an Iroquois of the RNZAF, a Hercules from the Singapore Air Force will take part.

More than 200 air force personnel will live under canvas during the exercise, which practises airdrops and air/land co-ordination, as well as being used for tactical conversion and continuation training for crews.

New Zealand: Exclusion of Canberra, Wellington From ASEM Summit Viewed

BK1703130796 Christchurch THE PRESS in English 12 Mar 96

[Editorial: "On the Outer" — received via Internet]

[FBIS Transcribed Text] New Zealand's and Australia's exclusion from the first summit of Asia and Europe is not a cause for panic but it is unfortunate. New Zealand and Australia had hoped they would be included on the Asian side at the meeting, but among the Asian countries the arguments put against participation by the Tasman countries carried the day. There was undoubtedly

something of being the odd men out over the meeting, because of geography. However, the exclusion was the result of a trend that needs countering.

The Asia-Europe meeting [ASEM], in Bangkok on the first two days of this month, was a historic occasion. Fifteen heads of State from Europe (with the exception of three senior ministers deputising for heads of State) were there, as were 10 Asian heads of State. It was the first time that Europe and Asia had sat down as equals. The focus was on trade and economics, though other issues including human rights and security were discussed.

These are all issues of great importance to New Zealand and Australia. That we were denied participation in the discussions would not matter greatly if the meeting did not amount to much. It amounted to more than it was expected to.

The idea of the meeting seemed ambitious to the point of being diffuse and considerable scepticism was expressed about whether it would accomplish anything of substance. Fine-sounding sentiments and the trappings of history were essential to justify such a gathering, but they were not guarantors of significant results, in terms of action and changed attitudes. Rather more than that seems to have occurred.

It is hard to gauge the importance of the rhetoric — phrases such as an "Asia-Europe partnership for greater growth" flowed from the gathering — but mechanisms were put in place. Foreign and economic ministers' meetings will be held in 1997, an informal senior officials' meeting in July of this year, and several other arrangements were agreed on. The discussions were wide-ranging, with potentially divisive matters — such as human rights — handled in a non-confrontational way. Besides the main meeting, Antonio Guterres, the Prime Minister of Portugal, the former colonial power in East Timor, and President Suharto of Indonesia, discussed East Timor.

The participation of New Zealand and Australia was not discussed at the main meeting, though senior officials discussed it beforehand. Most countries would have accepted the two being represented. Malaysia opposed their participation and, rather less vigorously, so did China. Dr Mahathir, Prime Minister of Malaysia, wants to preserve a central role for the Association of South-east Asian Nations and considers that the presence of New Zealand and Australia on the Asian side might dilute the prominence of that organisation. China argues that India and Pakistan, neither of which were represented at the meeting, have prior claims to be accepted as Asian. The British were strongly in favour of New Zealand and Australia being represented; most

of the other European countries seemed relaxed about it. The British will host another meeting of the Asia-Europe conference and have asked for New Zealand and Australia to be represented. Whether they go will not depend on the British, but on the Asian nations because the two would appear on the Asian side. One factor that might work towards their being included is that India, Pakistan, New Zealand, and Australia would bring the Asia numbers up to 14, which is more of a balance to the 15 European nations participating. This month Dr Mahathir will be in New Zealand on a State visit and the issue should be raised, though quietly.

New Zealand and Australia are not Asian nations in the way that Malaysia, Indonesia, or China are. Nevertheless, the close links the Tasman nations have with Asia should make them candidates for inclusion and not irrelevant appendages.

New Zealand: Editorial Views Alliance's Latest 'MMP Strategy'

BK1703130696 Christchurch THE PRESS in English
14 Mar 96

[Editorial: "Alliance Double-Talk" — received via Internet]

[FBIS Transcribed Text] It is a smart enough marketing ploy: all care and no responsibility. The Alliance, in the latest expression of its MMP [mixed member proportional electoral system] strategy, appears to want to take maximum care to ensure its policies get the best possible run, but no responsibility for where its stance might lead — such as to the formation of a National Government, when the Alliance's supporters want no such thing. The Alliance leader, Jim Anderton, says he wants to end once and for all the confusion that exists over how the Alliance will act after the MMP election. At best, his attempt has not clarified much at all. At worst, he has left the impression that a little obfuscation now could come in handy for the horse-trading that will inevitably follow the election.

That is precisely the sort of politics that Mr Anderton decries. Other parties who conceivably will wind up as coalition partners with the Alliance or minority governments relying on its support, must demand that he clears up the confusion promptly. In the meantime, they could be forgiven for believing that the Alliance has just one ploy — if parties want co-operation with the Alliance they must sign up to its policies. That is not how MMP works, as Mr Anderton knows.

His starting point is sensible. He says Alliance supporters must know that it will not compromise its principles after the election for the sake of short-term political gain. Any party that did not say the same would hardly

deserve to be standing for Parliament. His next point too is clear enough. He says the Alliance's objectives, presumably in descending order of preference, are to become a government in its own right, a minority government, or a member of a coalition government. That too is the aim of any party with ambitions above mere spoiler status. As a rider, though, Mr Anderton says any coalition must be "based on the Alliance programme". This is where troubles set in.

Does Mr Anderton believe that the Alliance programme alone should guide any coalition of which it was a member, probably a minority member? If so, he should say so, and cause all the other parties to declare once and for all they would not work with him. If he means that the Alliance merely wants to keep its key principles intact — and its "Alliance Agenda" is vague enough to find agreement virtually across the political spectrum — then what is the problem with talking to other parties once election results are known?

He is contemptuous of those parties, such as New Zealand First, who say they will talk about coalitions after the election to anyone who is prepared to listen. Voters certainly do not want the unpredictability of any party marrying any other simply to be in power, but proportional representation implies minority or coalition governments, so negotiation and compromise will be unavoidable. Negotiation and compromise are what New Zealanders — those who support MMP — want.

By the time of the election, the likely coalition deals that parties might enter will surely be clear. Mr Anderton says that is not good enough; what, for instance, would New Zealand First do with its opposition to foreign investment if it entered a coalition with National? Mr Anderton wants to imply New Zealand First would abandon the policy. If New Zealand First had any sense it would use the bargaining power of coalition partnership to fight for the policy. It would have more power in coalition than if it waited out the term, virginal and uncompromised on the opposition benches. That is real MMP politics — a game Mr Anderton says he does not want to play.

In his latest expression of strategy, Mr Anderton categorically says the Alliance would not support a National Government. He says he is tired of having to point out that the Alliance could not support a party whose interests were so opposed to its own. The confusion, of course, started when the Alliance walked to political centre stage in 1993 by promising to support National, for the sake of political stability. The Alliance subsequently reneged on that promise but the confusion remains. While the Alliance would not support a National Government, neither would it stop supply for a minority

government, unless it was in a position to form an alternative government itself. In reality, that sounds a lot like supporting a National Government unless Labour was prepared to back the Alliance's programme. The Alliance could readily tell its own supporters it would be in government were it not for Labour's stubbornness.

As soon as he can, Mr Anderton should either deny or admit that after the election the Alliance would assess the situation and discuss coalitions with likely partners. That is the position of other parties. The Alliance's insistence that it all be worked out beforehand, on what appears to be its own terms, is merely its own brand of politicking. Mr Anderton knows he has the upper hand with Labour because, as he rightly says, Labour is divided. Some want it to work out a deal with the fellow travellers of the Left; others would desert the party rather than have it ally with the Alliance's regressive economic policies.

It is fair enough that the Alliance exploits whatever political advantages it can from Labour's dilemma. That is politics. If Mr Anderton truly wants to make MMP work, however, he will drop his double-talk and give us some plain speaking.

New Zealand: Economic Situation Prior to Election Viewed

BK1703142596 Christchurch THE PRESS in English 9 Mar 96

[Editorial: "Economic Decision Time" — received via Internet]

[FBIS Transcribed Text] Even an economy as apparently sound as New Zealand's in the mid-1990s gets jittery. The eight or so months until the election will be one of those times. Elections always invite uncertainty about economic directions; this one more than most. The various permutations that could govern after the election promise quite different economic paths. A Government dominated by National would want to appear to stay on the same path, towards a low-tax, low-inflation, mid-growth economy. Yet its coalition with United and the demotion of Education Minister Lockwood Smith seemed designed to exhibit a new social heart, and already Finance Minister Bill Birch is talking of the social policy outlay that will dominate the May Budget, with more spending for health and education. A softer fiscal stance looks inevitable.

A Government dominated by Labour would presumably increase spending even more to meet its social aims and, at the very least, would review the Employment Contracts Act. With the Alliance's support it could overturn the act, seen by many as a cornerstone of economic success. How far Labour would want to go,

and what it would replace the act with, are far from clear.

A Government in which the Alliance played a strong hand would try to engineer a more radical economic shift, including a review of tariffs, a rejig of tax, and repeal of the Reserve Bank Act. How far it could go would depend on the support it could muster. National and Labour could surely combine forces to protect the Reserve Bank Act, but not much else is certain. In the middle of the mix stands New Zealand First, which will quite possibly be given a strong hand to pursue its generally protectionist aims.

Put like that, the immediate future contains a lot of uncertainty. The present relative resilience of economic confidence is surely, then, testimony to the belief of most New Zealanders that the economy is broadly on the right path. The latest business survey, from the National Bank, confirms that confidence, more or less. Though down from its recent highs, a net 27 per cent of businesses expect conditions to improve, the survey reports, describing confidence as resilient. Concurrently, international credit rating agency Moody's joined Standard and Poor's in lifting New Zealand's credit rating. Given the "vast majority of the electorate" that supports the direction of economic reforms, and the move to MMP [mixed member proportional electoral system], which will likely leave no single party with a controlling hand, any future government would find it hard to shift direction, Moody's said.

Is the outlook genuinely so sound, or do we see teeth being gritted in a refusal to admit that the last couple of years are as good as the New Zealand economy is likely to get? The Business Roundtable chairman, Doug Myers, calls for a shot of steel, telling us to shake off complacency about MMP and arguing that New Zealand faces the choice of drifting backwards on its laurels or moving ahead into the fast lane.

The Government prefers a middle path. Certainly its finances are in good shape. The latest six-monthly financial statements show an operating surplus \$621 million [New Zealand dollars] bigger than forecast, due in large part to an improved tax take. At the same time net public debt was lower than forecast, and \$1.1 billion [New Zealand dollars] lower than it was last June. In other words, there is no visible threat yet to the Government's ability to reduce taxes and lower debt — and increase social spending.

Not so rosy is the inflation outlook. Some economists expect the Reserve Bank's 2 per cent target to be breached again in the March quarter. That would be another dent to the central bank's credibility. It must therefore maintain its tight monetary stance. That means

no immediate let-up in high interest and exchange rates. There is little reason to expect relief until at least after the election. Much as manufacturers, farmers, and exporters applaud a low inflation regime, they are suffering. Perhaps inevitably they will have to learn to live with a high exchange rate. As the chief executive of the Canterbury Manufacturers' Association, Michael Hannah, wrote on these pages, the most successful manufacturers have insulated themselves from the vagaries of one market and one exchange rate by improving design qualities, skill levels, and niche market opportunities. In other words, the best hopes lie in creating and exporting intelligent ideas.

Yet exporting will remain tough going. The balance of payments showed a slight improvement in the September quarter but left a current account deficit of \$3.6 billion [New Zealand dollars] for the year. Finance Minister Bill Birch says that is consistent with the forecasts and no cause for alarm. Though confidence about export levels is down, particularly among manufacturers, it has not reached crisis. More businesses are reporting plans to invest and take on staff than at the troughs of last year. The increased domestic consumption hopes brought about by the tax cuts appear to play a part there. Certainly many Canterbury businesses are relying on a mid-year upturn to reverse the sluggish sales of the last few months. That, of course, would increase inflationary pressures and put paid to any expectation that saving would rise as a result of the cuts, at least in the short term.

In all, this is a sound if not spectacular springboard for New Zealand's election worries. Before the year is out, political leaders of all persuasions will tell the electorate it must make the biggest economic decisions of the decade, if not the century. If in the meantime the real players of the economy continue manufacturing, innovating, and exporting as resiliently as they have managed this far — and reject any political options that would shake the economic foundations — we will be in good shape to survive.

New Zealand: Article Views How To Tackle Inflation

BK1803111096 Christchurch THE PRESS in English
13 Mar 96

[Article by Michael Hannah, director of the Canterbury Manufacturers' Association: "Alternative Ways to Fight Inflation Without Squeezing Manufacturers" — received via Internet]

[FBIS Transcribed Text] The Reserve Bank's latest diagnosis of inflation will emerge in its Economic Forecasts, due to be published tomorrow week [21

March]. Indications are that it will find it difficult to ease monetary policy in the face of (a) a risk that it will breach its 0-2 per cent inflation target when the next Consumers Price Index [CPI] is released in mid-April; (b) continued strong growth — of around 14 per cent — in household borrowing; and (c) further rises in house prices around the country, especially in Auckland.

On the other hand the exchange rate has risen as much in the last three months as the bank had assumed it would rise in two years. The exchange rate is now 3.5 per cent higher than in December. The faster appreciation will see inflation track a lot lower later this year than the bank forecast.

The latest Gross Domestic Product data showed manufacturing slowed down significantly in the six months to September. At the same time, a Trust Bank analysis reported a "precarious outlook" for manufacturing: sales had stopped growing (domestic sales had actually fallen), profits were strong but threatened, and stocks were starting to build. Indications from manufacturers' own surveys would suggest the slow-down has continued.

Getting rid of inflation has been a cornerstone of New Zealand's recent exporting success. So manufacturing and farming exporters support the Reserve Bank Act's focus on price stability. The problem is that a slow-down in economic activity in the wealth-creating sectors of manufacturing and farming is not having the usual desired effect of putting the brakes on inflation in the domestic economy. The blockage, according to the Reserve Bank's own figures, has been the domestic services sector, and especially housing.

Part of the trouble is that the housing sector is not directly affected by the Reserve Bank's main weapon, the exchange rate. However, even the direct weapon of higher interest rates appears to be having little effect. Interest rates of 9 per cent look attractive to borrowers when they are seeing annualised house price increases of around 20 per cent in Auckland.

What can be done? We can wait for the Auckland housing bubble to burst, as some investment houses and farm lobbyists believe is about to happen. On the other hand, the governor of the Reserve Bank, Dr Don Brash, has agreed with the call from manufacturers, farmers, and tourism for additional policies to tackle inflation, so as to reduce the burden on monetary policy and therefore the burden on the productive sectors. But what are the options?

There are six.

Tariffs: Brash has suggested lower tariffs to help bring inflation down. They would — but in the very sector

where there is little inflation. The question remains that, if the exchange rate is having little or no effect on domestic inflation in housing and services, how would lowering tariffs work any better? As an anti-inflationary weapon, they are too blunt.

Housing: There is an argument that the rise in house prices is simply a reflection of demand outstripping supply, and that therefore the market should be allowed to respond by allowing more houses to be built. However, the Reserve Bank may be exacerbating the problem by raising interest rates, making it more expensive to build houses.

Immigration can take a lot of the blame for the blow-out in house prices, both for putting extra pressure on housing and for the tendency for migrants to have ready capital for housing, without the need for borrowing (hence interest rates don't bite). While changes to immigration rules from October 1995 will stem the flow of migrants, it could take possibly two years to bite because of the backlog of approvals.

While migration from overseas is visible and audible, internal migration — New Zealanders moving around the country — gets overlooked. Yet internal migration accounted for one-third of Christchurch's population growth last year (plus one-third external migration and one-third natural growth). People are being drawn to Auckland and Christchurch in particular because of the growth of jobs in sectors such as manufacturing. Obviously, I would not argue for the growth in jobs to be cut back, so are there other measures?

Prudential ratios: Housing may be an attractive area for bank lending, not just because householders have a good track record for repaying mortgages, but also because the Reserve Bank attaches a lower risk to such lending, compared with, say, commercial lending, in assessing the health of bank loans and assets. Perhaps the risk weighting is lower than it should be, and the Reserve Bank should attach a higher risk to housing loans on a bank's books. To do so would likely put a damper on bank lending for housing.

The jury is still out on this issue. The Reserve Bank has been reluctant to change the risk assessments — or "prudential ratios" — but they remain a potential tool.

Measuring inflation differently: How we measure inflation in New Zealand is currently being debated, as the Consumer Price Index is due for its regular review in 1998. The CPI measures inflation experienced by consumers, not inflation through the whole economy. There are one or two economy-wide measures of inflation overseas, but they are not widely used and there has been no experience of relating them to monetary policy.

Nevertheless, work by the Manufacturers' Federation shows that such a measure would show that instead of a 2.9 per cent CPI rise in December 1995, on an economy-wide measure inflation would have been minus 1.6 per cent; and that economy-wide inflation has risen only 4.4 per cent in the last six years, compared with 15.1 per cent on the CPI.

The credibility of the measure is important, to avoid accusations of "cooking the figures". Nevertheless, a broader measure of inflation would be worth investigating. Practically speaking, with the CPI review not until 1998, relief from this quarter is unlikely to be fast.

Another factor in the review could be the inclusion of housing. When the Consumer Price Index was last reviewed, the Reserve Bank argued for it to exclude housing. This was turned down by Statistics NZ [New Zealand]. Overseas practice is not consistent in this area.

Competition: Competitiveness is all important to manufacturing as it operates in international markets. That has meant a lot more effort is placed these days on containing costs — and, incidentally, on lobbying much more for all costs to be contained than was the case in the cost-plus days of business several years ago. Monopoly or near-monopoly services are in the firing line this year — ACC, electricity, Air New Zealand's airport waybill levy.

There are at least three basic ways of driving efficiencies in organisations: competition; private ownership (and the threat of takeover); and increased transparency and public accountability. Each deserve consideration if monopolies are to be discouraged from imposing damaging price rises.

Regional policies: Regional or sectoral interest rates, regional taxes, and regional development policies have all been suggested as alternatives for reducing inflationary pressure in one sector or region. They involve government distortion of markets, and therefore the risk that the outcomes will not be as intended. Moreover, such measures are notoriously difficult to unravel when they have supposedly served their original purpose.

Whether there are any additional measures or not, manufacturers have had to learn that they cannot hope to compete on price alone in the international marketplace, at home or abroad. Instead they look to a range of other measures under their control to keep themselves afloat: labour flexibility and training, innovation, design, service, timely and reliable delivery, investment in technology, efficiencies, and diversified markets.

New Zealand: Party Leader's 'Gaffe' on Immigration Noted

BK1803121196 Christchurch THE PRESS in English
9 Mar 96

[Article by Michael Rentoul: "Minister's Gaffe Unhelpful" — received via Internet]

[FBIS Transcribed Text] The Government, seemingly immune to Opposition attacks on its unpopular health and education policies, scored a dramatic own-goal this week when a low-ranked and relatively unknown Minister took on high-flying New Zealand First leader Winston Peters over an obscure immigration issue — and failed spectacularly.

Immigration Minister Roger Maxwell's botched attempt to implicate Mr Peters in an alleged immigration scam earned him a "please explain" request from Prime Minister Jim Bolger, whom Mr Peters deftly sought to implicate in what he called a "dirty little smear campaign".

This showed sound political management by Mr Bolger, who under pressure from Mr Peters was faced with distancing himself from his Minister or seeming to endorse his remarks. Having produced no evidence to back his claims, Mr Maxwell should not have been surprised when Mr Bolger chose the former course.

Mr Bolger's office had no warning of what Mr Maxwell planned; nor had Mr Maxwell run the idea past the Government's communications and strategy advisers. To add insult to injury, when a law firm named by Mr Maxwell threatened to sue, Mr Maxwell's office was forced to borrow a journalist's tape recording of a press conference to find out what he said.

Mr Maxwell called the media to his office to announce a comprehensive audit of immigration from Bangladesh. The audit was the first he had ordered into a particular country. Pointing to a sharp rise in Bangladeshi immigrants, amid suggestions of "shonky" qualifications, the Minister distributed what he said was an advertisement from an Auckland law firm encouraging Bangladeshi immigrants to come to New Zealand.

Among the lawyers named in the advertisement was Mr Peters. Mr Maxwell said he ordered the audit after sources raised concerns about Greenwich International Business Ltd, a company operating in Bangladesh with links to Lyon Lucas, the law firm concerned.

Mr Maxwell could not say which newspaper the advertisement had come from. He had no hard evidence of wrong-doing, and could not say what proportion of Bangladeshi immigrants were advised by the company. Mr Peters said that as a consultant partner to the com-

pany he was a mere name above their mantle, and received no income from them. Nor was he involved in their business.

The advertisement was the same one that fellow National MPs flourished gleefully in the House a couple of weeks before, in an attempt to discredit Mr Peters's attacks on Government immigration policy. That had no great impact then. It was hard to see what new information Mr Maxwell had received since.

In the House, Mr Peters accused Mr Maxwell of being a political "glove puppet" of Mr Bolger, and called on the Prime Minister to sack him. Labour's immigration spokeswoman, Annette King, agreed Mr Maxwell should go. The inquiry was designed purely to embarrass Mr Peters, and cheapened Mr Maxwell's ministerial office. "I find it absolutely appalling that Mr Maxwell is using his position to try to make a cheap political point," Mrs King said.

"The fact of the matter is that there are some concerns in immigration circles that a number of immigrants from Bangladesh may have qualified for entry to New Zealand using fraudulent documents. However, any hope of pursuing an investigation into the matter has been jeopardised by Mr Maxwell's appalling handling of a delicate issue," she said.

Labour thus sought to make political capital from the Government's discomfiture. Labour is not doing well in the polls, but hopes to gain enough support to govern as a minority after the election (National hopes to govern with an old-style majority, but this seems optimistic). To do so, Labour will need the support of another party in the House. Its relations with the Alliance in tatters, Labour is courting NZ [New Zealand] First as the most likely alternative. Hence Mrs King's support for Mr Peters.

Labour fell out with the Alliance after it declined to spell out in advance the terms of any post-election coalition. Labour would no doubt like to know where NZ First's preferences lie, but Mr Peters is not saying. Asked again this week who NZ First would work with, Mr Peters said it could work comfortably with either National or Labour.

By itself, the Maxwell stunt is unlikely to make much of a difference, if the election bears out poll trends, and NZ First ends up holding the balance of power in an MMP [mixed member proportional electoral system] Parliament. The incident will, however, add to a climate of distrust between National and NZ First, which, like the relationship between Labour and the Alliance, has a history of bitter personality conflict.

For his part, Mr Bolger pointedly declined to say whether he could work with NZ First. "The election is a long way away," he said. "Let's get through the next election. I am not entering into that speculation, full stop." Mr Bolger's remark points to the growing despondency National feels about its chances of finding a viable coalition partner. Its confidence about the election notwithstanding, most observers believe even National will need the help of another party to govern, if it is returned with the largest number of seats.

The latest National Business Review-Consultus poll suggests Mr Bolger's move to sign a formal coalition deal with United New Zealand has made barely an impression on the electorate. Support for United, which hopes to boost its public exposure by having finance spokesman Peter Dunne in a National Cabinet, remains static on a miserly 0.2 per cent. Even if Mr Dunne is re-elected, United is unlikely to be much of a force in the next Parliament, judging by its present rating. Other minor parties with which National might hope to do a deal — the Christians, or the Progressive Greens — are doing just as badly. Hence the disappointment some may feel that the much-touted Mike Moore Party of the Centre has failed to materialise.

The same poll contained good news for NZ First, whose party vote has more than doubled to 14 per cent, its best showing ever. Its electorate vote has also increased, up three points to 9 per cent. Mr Peters's recent attacks on Government immigration policy — which some branded Asia-baiting — hit a chord with voters. This might explain some of Mr Maxwell's anxiety to hit back.

Labour's party vote fell a point to 23 per cent, but most of NZ First's increase in popularity is at the expense of the Alliance, which falls six points to 17 per cent. As an aside, the poll shows that many voters continue to regard Labour as a constituency party first, and would put their votes there, rather than giving it the crucial party vote. Labour scores 32 per cent on the constituency vote, but only 23 per cent support on the party vote. This compares with National's 40 per cent and 42 per cent respectively. On both votes, it thus continues to hold a commanding lead.

Mr Bolger likes to portray himself as a rock of political stability in a sea of change. Indeed, the message that the Government can soundly manage the economy and the transition to MMP is the one that he hopes will give National the election. As part of that image, the Government likes to portray itself as somehow above mere politicking. It is therefore ironic when a foul-up by one of its own pitches it into an ugly political trench-fight with a party whose help it may need to govern.

For the Government's political opponents, there is a different message. Mr Peters's campaign against the Government's immigration policies, allied to the question of foreign ownership (concerns shared to some extent by the Alliance), is one that Labour, the official Opposition party, is not willing to take up itself.

Labour, in common with the Government, aired concerns that Mr Peters's recent remarks on immigration were dangerous: that Mr Peters was inflaming racial opinion in the hope of winning votes. In the Pacific Island community, Labour has among its supporters big chunks of the immigrant population, so its self-denying stance is perhaps no mystery. Still, as it surveys the latest poll result, Labour must wonder whether its traditional approach of attacking the Government on the hallowed ground of health and education is paying off. Voters seem impervious to still more disaster stories in these areas, but on Mr Peters's patriotic message of ownership — "New Zealand First" — are much more responsive.

Papua New Guinea

Papua New Guinea: Prime Minister Launches Offensive at Rebels

LD2103101196 Melbourne Radio Australia
in English 0900 GMT 21 Mar 96

[FBIS Transcribed Text] Papua New Guinea security forces are being told to return to the offensive on Bougainville. Sean Dorney reports Prime Minister Sir Julius Chan went on national radio and television tonight [21 March], saying his tolerance for negotiating with the Bougainville secessionist rebels has been exhausted.

[Begin Chan recording] It's time to face the truth — that continued talking is not working. [end recording]

Sir Julius Chan has reacted to the killing of 12 policemen and soldiers on Bougainville in the past two weeks with a declaration that the 18-month-old government-proclaimed cease-fire is over. He claims, however, that it is not a war he is launching, but a police action against criminals.

[Begin Chan recording] To those criminals who continue to kill, destroy, and destabilize the peace longed for by all, let me just say this: your darkest hour has arrived. Your number has been called. You are now facing the full force of the law. [end recording]

The Bougainville premier, Theodore Miriung, said continued dialogue with the rebel leadership was the only way to find a lasting solution to the Bougainville conflict. Mr. Miriung met the prime minister earlier today to

brief him on the situation. He said Sir Julius responded negatively to his request for continued dialogue with the BRA (Bougainville Revolutionary Army) leadership outside Papua New Guinea.

Mr. Miriung said the ending of the cease-fire would make no difference, because the parties in the con-

flict had continuously breached the cease-fire. The Bougainville premier will remain in Port Moresby next week for further talks with the prime minister on the issue.

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